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SESSION 1930

Government
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HOUSE OF COMMONS

4857

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

1930

PROPOSED AMENDMENTS TO BILL No. 12, AN ACT
RESPECTING GRAIN

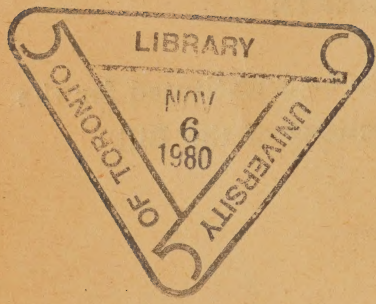
These Amendments are Proposed to be Substituted for the
Corresponding Numbered Sections of the Bill.

No. 1



A. A. FRASER,
Clerk of the Committee.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1930



SELECT STANDING COMMITTEE ON AGRICULTURE AND COLONIZATION

PROPOSED AMENDMENTS TO BILL NO. 12, AN ACT RESPECTING GRAIN

53. Every railway company and every other common carrier subject to the jurisdiction of Parliament shall furnish free transportation on all its lines within Canada, for the commissioners, the secretary of the Board and the principle officers in charge of the inspection service and of the weighing service under the Board, and free transportation within the western division for the assistant grain commissioners and within the eastern division for the principle inspection officer under the Board in that division.

68. Except as hereinafter provided, each car available for the shipment of grain at any shipping point for which a car order book has been issued shall, having regard to its capacity, be placed by the railway agent in accordance with the outstanding unfulfilled application recorded in such order book which bears the lowest consecutive number.

(2) If the Board is of opinion, by reason of special circumstances to be recorded by it, that the placing of cars as aforesaid would operate inequitably at any specified shipping point, or would prevent the immediate shipment therefrom of seed grain or of grain which has become or is in danger of becoming out of condition, it may direct the placing of cars without discrimination at such point otherwise than as aforesaid, and in any such case the directions of the Board shall be complied with by the railway agent.

83. No charges other than the maximum charges authorized by the Board shall be made by any licensee for any services performed by him pursuant to his licence unless such licensee desires to make lower charges than those so authorized and has, at least three days before making such lower charges, filed a schedule thereof with the Board, in which case no charges other than those specified in the schedule shall be made by such licensee until three days after such schedule has been withdrawn or superseded by another.

94. The operator or manager of any licensed elevator shall upon payment of all proper charges in respect of the grain covered by any elevator or warehouse receipt accept a surrender of such receipt for consolidation or division and issue in lieu thereof one or more fresh receipts covering the whole or part of the grain therein described as the circumstances require.

(2) The provisions of this section shall not apply to the division of any elevator or warehouse receipt issued by the operator or manager of a terminal elevator unless such operator or manager consents to such division.

SCHEDULE I
STATUTORY GRADES OF WESTERN GRAIN
RED SPRING WHEAT

Number and name of grade	Minimum weight per bushel in pounds	Variety of grain	Percentage of hard vitreous kernels	Standard of quality	Maximum Limits of:—			
					Foreign material other than dockage		Wheats of other classes	
					Matter other than cereal grains	Total including cereal grains	Durum	Otherwheat—Total of all wheats not to exceed
No. 1 Manitoba Hard.	62	Marquis or equal to Marquis.	% 80	Sound and well matured.	Free	%	%	
No. 1 Manitoba Northern.	60	Marquis or equal to Marquis.	65	Well matured practically free from damaged kernels.	Free	Practically free	Practically free.	1
No. 2 Manitoba Northern.	58	Red Spring Wheat of good milling quality.	50	Reasonably well matured, reasonably free from damaged kernels.	Free	Reasonably free. Not more than about 1%.	1	3
No. 3 Manitoba Northern.	57	Red Spring Wheat of fair milling quality.	25	Reasonably well matured, reasonably free from damaged kernels.	Reasonably free	Reasonably free. Not more than about 2%.	3	10
No. 4 Manitoba Northern.	57	Red Spring Wheat.	.....	Reasonably well matured, but excluded from preceding grades on account of frosted or otherwise damaged.	Reasonably free	Reasonably free. Not more than 2½% (about).	4	10
or	55	Red Spring Wheat.	.....	Rusted or shrunken but otherwise reasonably sound	Reasonably free	Reasonably free. Not more than 2½% (about).	4	10

Number and name of grade	Minimum weight per bushel in pounds	Variety of grain	Percentage of hard vitreous kernels	Standard of quality	Maximum Limits of:—		
					Foreign material other than dockage		Wheats of other classes
					Matter other than cereal grains	Total including cereal grains	
No. 1 Alberta Red Winter.	62	Red Winter.....	% 60	Well matured, practically free from damaged kernels.	Free.....	% Reasonably free. Not more than about 1%.	Other wheat— Total of all wheats not to exceed 5
No. 2 Alberta Winter..	60	Winter.....	45	Well matured, practically free from damaged kernels.	Reasonably free.....	Reasonably free. Not more than about 2%.	10
No. 3 Alberta Winter..	57	Winter.....		Reasonably well matured but excluded from preceding grades a/c of frosted or otherwise damaged kernels.	Reasonably free.....	2½	20

All winter wheat below 3 Alberta Winter in value may be classed in the lower grades of Red Spring wheat according to quality.

SELECT STANDING COMMITTEE

STATUTORY GRADES OF WESTERN GRAIN—*Con.*

AMBER DURUM

Number and name of grade	Minimum weight per bushel in pounds	Variety of grain	Percentage of hard vitreous kernels	Standard of quality	Maximum limits of			
					Foreign material other than dockage		Wheats of other classes	
					Matter other than cereal grains	Total including cereal grain	Red Durum	Total of all wheat not to exceed
			%			%	%	%
No. 1 C. W. Amber Durum..	62	Mindum or equal to Mindum.	75	Well matured, practically free from damaged kernels.	Free.....	Practically free. Not more than about $\frac{1}{2}\%$.	5	5
No. 2 C. W. Amber Durum..	60	Mindum or equal to Mindum.	60	Well matured. Practically free from damaged kernels.	Free.....	Practically free. Not more than about 1%.	10	10
No. 3 C. W. Amber Durum..	58	Amber Durum.	30	Reasonably well matured. Reasonably free from damaged kernels.	Free.....	Reasonably free. Not more than about 2%.	15	15
No. 4 C. W. Amber Durum..	56	Amber Durum.	.....	Reasonably well matured, but excluded from preceding grades on a/c of frosted or otherwise damaged kernels.	Reasonably free.	Reasonably free. Not more than about $2\frac{1}{2}\%$.	20	20
No. 5 C. W. Amber Durum..	54	Amber Durum.	.....	Frosted or otherwise damaged kernels.	Reasonably free.	Reasonably free. Not more than about 3%.	25	25
No. 6 C. W. Amber Durum..	.....	Amber Durum.	.....	Excluded from preceding grades on a/c of damage or light weight.	Reasonably free.	Reasonably free.....	30	30

RED DURUM WHEAT

All Red Durum and any other wheats containing over 10% of Red Durum shall be classified as "Red Durum" irrespective of quality.

WHITE SPRING WHEAT

Number and name of grade	Minimum weight per bushel in pounds	Variety of grain	Percentage of hard vitreous kernels	Standard of quality	Maximum limits of			
					Foreign material other than dockage		Wheats of other classes	
					Matter other than cereal grains	Total including cereal grains	Durum	Total
No. 1 C. W. White Spring.	60	Quality or equal to Quality.	% 65	Well matured, practically free from damaged kernels.	Free.....	% Practically free.....	% 1	% 3
No. 2 C. W. White Spring.	58	White Spring Wheat of good milling quality.	50	Reasonably well matured, reasonably free from damaged kernels.	Free.....	Reasonably free. Not more than about 1%.	2	5
No. 3 C. W. White Spring.	57	White Spring wheat of fair milling quality.	25	Reasonably well matured, reasonably free from damaged kernels.	Reasonably free.....	Reasonably free. Not more than about 2%.	4	10

NOTE.—All White Spring wheat excluded from the preceding grades on account of admixtures, frosted, or otherwise damaged shall be classed in the Mixed Wheat grades according to the Standard requirements.

STATUTORY GRADES OF WESTERN GRAIN—*Con.*

MIXED WHEATS

Grade Name	Varieties	Definition
No. 1 Mixed Wheat.....	(Red, or White Spring, or Winter).....	A mixture of Red or White Spring or Winter Wheat, any variety predominating, equal to No's. 1, 2 or 3 Wheat, excluded from any of the recognized grades on account of such mixtures. May contain Red Durum not exceeding 5%.
No. 2 Mixed Wheat.....	(Red, or White Spring, or Winter).....	A mixture of Red or White Spring or Winter Wheat, any variety predominating, below No. 3 wheat and above Feed, excluded from any of the recognized grades on account of such mixtures. May contain Red Durum up to 10%.
No. 3 Mixed Wheat.....	(Spring, Winter, and Durum).....	A mixture of Spring or Winter and Durum Wheat, equal to No's. 1, 2 or 3 Wheat, excluded from any of the recognized grades on account of admixture of Amber Durum or Red Durum. Red Durum not to exceed 10%.
No. 4 Mixed Wheat.....	(Spring, Winter and Durum).....	A mixture of Spring or Winter and Durum Wheat, below No. 3 wheat and above Feed, excluded from any of the recognized grades on account of Amber Durum or Red Durum. Red Durum not to exceed 10%.
No. 5 Mixed Wheat.....	(Amber Durum, Spring or Winter).....	A mixture of Amber Durum and Spring or Winter Wheat, equal to No's. 1, 2 or 3 Wheat, excluded from any of the recognized grades on account of Spring, Winter or Red Durum. Red Durum not to exceed 10%.
No. 6 Mixed Wheat.....	(Amber Durum, Spring or Winter).....	A mixture of Amber Durum and Spring or Winter Wheat below No. 3 Wheat and above Feed, excluded from any of the recognized grades on account of Spring, Winter or Red Durum. Red Durum not to exceed 10%.

MIXED GRAIN

- No. 1 Mixed Grain—Wheat and other cereal grains and/or Wild Oats—Wheat predominating—excluded from any of the recognized grades on account of mixtures of other cereal grains and Wild Oats—reasonably clean.
- No. 2 Mixed Grain—Rye and other cereal grains and/or Wild Oats—Rye predominating—excluded from any of the recognized grades on account of mixtures of other cereal grains and Wild Oats—reasonably clean.
- No. 3 Mixed Grain—Barley or Oats and other cereal grains and/or Wild Oats—Barley or Oats predominating—excluded from any of the recognized grades on account of mixture of other cereal grains and Wild Oats—reasonably clean.

OATS

Number and Name of Grade	Minimum weight per bushel in pounds	Variety of grain	Standard of quality	Maximum Limits of:—			
				Seeds	Wild oats	Other grains	Total foreign matter
				%	%	%	%
No. 1 C.W. White.....	38	95% White.....	Well matured. Practically free from damage.	Free. Not more than about 1½%.	Not more than about 1%.	Free.....	1
N. 2 C.W. White.....	36	90% White.....	Well matured. Practically free from damage.	Reasonably free. Not more than about 1%.	Reasonably free. Not more than about 2%.	2	3
N. 3 C.W. White.....	34	Domestic Oats..... Any variety.	Reasonably well matured. Practically free from damage.	Reasonably free. Not more than about 1%.	Reasonably free. Not more than about 4%.	4	5
Ex. 1 Feed.....	38	Domestic Oats..... Any variety.	Reasonably well matured. and sound except as to frost.	Reasonably free. Not more than about 1%.	Reasonably free. Not more than about 2%.	4	6
No. 1 Feed.....	34	Domestic Oats..... Any variety.	Reasonably well matured, but frosted, stained, or otherwise damaged. May contain 2% heat damage.	1½	7	8	12
No. 2 Feed.....	28	Domestic Oats..... Any variety.	Frosted, immature, stained, or otherwise damaged. May contain 3% heat damage.	2	12	20	22
No. 3 Feed.....		Domestic Oats..... Any variety.	Light weight, immature damaged. May contain 5% heat damage.	3	25	30	33
Mixed Feed Oats.....		Wild Oats or Oat Scalpings.	Excluded from any recognized grades of grain.	3% chaff, dust or weed seeds.	.....	49	49

STATUTORY GRADES OF WESTERN GRAIN—*Con.*

BARLEY

Number and name of grade	Minimum weight per bush. in pounds	Variety of grain	Minimum percentage of varieties or type	Standard of quality	Maximum limits of			Total foreign matter %
					Seeds	Wild oats	Other grains	
			%		%	%		%
No. 1 C.W. Six-Row	50	Variety or type equal in value for malting purposes to O.A.C. 21.	95	Sound.....	Free.....	Free.....	Practically free....	
No. 2 C.W. Six-Row	49	Variety or type equal in value for malting purposes to O.A.C. 21.	95	Sound.....	Reasonably Not more than about $\frac{1}{2}\%$.	Practically free. Not more than about $\frac{1}{2}\%$.	Practically free. Not more than about $\frac{1}{2}\%$.	1
No. 3 C.W. (Ex.) Six-Row.	48	Equal in value for malting purposes to O.A.C. 21.	90	Sound.....	Reasonably free. Not more than about $\frac{1}{2}\%$.	free. Not more than about $\frac{1}{2}\%$.	Reasonably free. Not more than about $\frac{1}{2}\%$.	$1\frac{1}{2}\%$
No. 1 C.W. Two-Row.	52	Variety or type equal in value for malting or pearling purposes to Canadian Thorpe.	95	Sound.....	Free.....	Free.....	Practically free....	
No. 2 C.W. Two-Row.	50	Variety or type equal in value for malting or pearling purposes to Canadian Thorpe.	95	Sound.....	Reasonably Not more than about $\frac{1}{2}\%$.	Practically free. Not more than about $\frac{1}{2}\%$.	Practically free. Not more than about $\frac{1}{2}\%$.	1
No. 3 Ex. C.W. Two-Row.	48	Equal in value for malting or pearling purposes to Canadian Thorpe.	90	Sound.....	Reasonably free. Not more than about $\frac{1}{2}\%$.	free. Not more than about $\frac{1}{2}\%$.	Reasonably free. Not more than about $\frac{1}{2}\%$.	$1\frac{1}{2}$
No. 1 C.W. Trebi...	50	Trebi Type.....	95	Sound.....	Free.....	Free.....	Practically free....	
No. 2 C.W. Trebi...	49	Trebi Type.....	95	Sound.....	Reasonably Not more than about $\frac{1}{2}\%$.	Practically free. Not more than about $\frac{1}{2}\%$.	Practically free. Not more than about $\frac{1}{2}\%$.	1

No. 3 Ex. Trebi....	48	Trebi Type.....	90	Sound.....	Reasonably free, Not more than about $\frac{1}{2}\%$.	Reasonably free, Not more than about $1\frac{1}{2}\%$.	free. Not more than $1\frac{1}{2}\%$.
No. 3 C.W.....	47	Any variety or type or combination of varieties or types.	..	Slightly frosted, immature, weather stained, shrunken and otherwise damaged but sweet.	$1\frac{1}{2}\%$	6	6
No. 4 C.W.....	46	Any variety or type or combination of varieties or types.	..	Damaged or stained but sweet.	3	10	10
No. 5 C.W.....	42	Any variety or type or combination of varieties or types.	..	Damaged or badly weathered.	3	18	18
No. 6 C.W.....	..	.....	..	Excluded from preceding grades a/c of weight or admixtures. May contain 5% of heat damage.	3	25	25

Grades No's. 1, 2 and 3 Extra C.W. Barley shall apply to barley that is of good utility value for malting purposes and for these grades "Sound" shall mean free from frosted, sprouted, heated, musty or artificially dried grain, and shall be practically free from broken, skinned or otherwise damaged grain.

STATUTORY GRADES OF WESTERN GRAIN—*Con.*

FLAX SEED

Number and name of grade	Minimum weight per bus. in pounds	Maximum of damaged grains by weight %	Standard of Quality	Standard of cleanness
No. 1 C.W.....	51	12½	Matured dry and sweet.....	Clean, commercially pure seed.
No. 2 C.W.....	50	25	Matured dry and sweet.....	Clean, commercially pure seed.
No. 3 C.W.....	47	.....	Dry, may contain 5% heat damage.....	Clean, commercially pure seed.
No. 4 C.W.....	.....	.....	Dry, may contain 10% heat damage.....	Clean, commercially pure seed.

FLAX AND BROKEN GRAIN—Shall be composed of flax mixed with broken grain of any description that cannot be classified under any recognized grades. Flax predominating.

RYE

Number and name of grade	Maximum weight per bushel in pounds	Standard of quality	Percentage of Ergot after dockage removed	Maximum limits of		
				Foreign material other than dockage		Total foreign matter including wheat
				Matter other than cereals	Grains other than wheat	
				%	%	%
No. 1 C.W.	58	Sound.	Free.	Free.	Free.	
No. 2 C.W.	56	Sound.	Practically free.	Reasonably free. than about $\frac{1}{2}\%$.	$1\frac{1}{2}$	2
No. 3 C.W.	55	Reasonably sound. Slightly damaged.	$\frac{1}{3}$	Reasonably free. than about 1%.	3	5
No. 4 C.W.		Damaged with not more than about 5% heat damage.	$\frac{1}{3}$	Reasonably free. than about 2%.	7	10
Ergoty Rye.		Excluded from preceding grades a/c of ergot.	Over $\frac{1}{3}\%$.	Reasonably free. than about 2%.	7	10
Ergoty Rye and other grains.		Excluded from preceding grades a/c of admixture of other grains.	Over $\frac{1}{3}\%$.	Reasonably free. than about 2%.	Rye predominating.	

STATUTORY GRADES OF WESTERN GRAIN—*Con.*

BUCKWHEAT

Number and name of grade	Maximum weight per bushel in pounds	Standard of quality	Maximum limits of				Total foreign matter %
			Seeds	Wild oats	Other grains		
No. 1 C.W.....	50	Well matured, practically free from damage.	Free..... %	Free..... %	Practically free..... %		
No. 2 C.W.....	48	Well matured, reasonably free from damage.	Free.....	Practically free.....	Reasonably free. Not more than about 2%.		2
No. 3 C.W.....	45	Reasonably well matured, free from damage.	Free.....	Reasonably free.....	Reasonably free. Not more than about 3%.		4
No. 4 C.W.....	Damaged, with not more than about 5% of heat damage.	Practically free.....	Reasonably free.....	Reasonably free. Not more than about 5%.		6

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HOUSE OF COMMONS

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

1931

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

THURSDAY, JUNE 11, 1931



Order of Reference,—Re Handling and Marketing Agricultural Products.

WITNESSES:

W. L. Brown, Member firm of William Brown, Manchester, England.
A. A. MacMillan, Chief of Sheep and Swine Div., Dept. of Agriculture.

Statement of Spread in Prices in the Marketing of Eggs.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1931

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

THURSDAY, June 11, 1931.

The meeting came to order at 11 o'clock, a.m., Mr. Senn presiding.

Members present: Messrs. Barber, Bertrand, Blair, Bowen, Cayley, Coote, Donnelly, Garland, Goulet, Hay, Loucks, Lucas, McKenzie, McMillan, Moore, Motherwell, Mullins, Myers, Perley, Pickel, Porteous, Senn, Shaver, Simpson, Sproule, Stirling, Taylor, Thompson, Totzke, Tummon, Weir (*Melfort*), Young.

The chairman directed the attention of the committee to the necessity of some line of procedure being adopted with respect to the naming and calling of witnesses.

Mr. Bowen moved that Messrs. Tummon, Campbell, Gobeil, Perley and Totzke be appointed a sub-committee to recommend the names of such witnesses as it may decide should be called and to report to the main committee.

Motion carried.

Hon. Mr. Weir introduced Mr. W. L. Brown, a member of the firm of Wm. Brown of Manchester, Eng., Cattle Dealers; the Minister explaining that Mr. Brown was in Canada buying cattle for the English market and had been invited by him to address the meeting, if the committee so desired.

With the unanimous consent of the committee Mr. Brown then proceeded to address the committee on the subject of beef cattle conditioning, buying, transportation and selling on the English market and answered questions relative thereto.

At the conclusion of the address the thanks of the committee was accorded Mr. Brown.

Mr. A. A. MacMillan, Chief of the Sheep and Swine Division of the Department of Agriculture was then called and addressed himself to the subject of hog grading and marketing.

At one o'clock the committee adjourned, sine die, Mr. MacMillan to appear at a subsequent meeting to give further information.

A. A. FRASER,
Clerk of the Committee.

Filed by W. A. Brown, Chief Poultry Division. (See No. 1, June 9.)

MEMORANDUM CONCERNING THE SPREAD IN PRICES IN THE
MARKETING OF EGGS THROUGH VARIOUS TRADE
CHANNELS AS OF JUNE 10, 1931

The following illustrations of prevailing price quotations in different parts of Canada indicate the prevailing price spreads in the various channels of trade.

In the majority of the instances cited it is assumed that the producer is marketing eggs through the country merchant. It should be noted, however, that the producer is quite at liberty to eliminate any of the intermediate handlers if he so desires. Thus may producers sell eggs to city wholesalers, city retailers and even city consumers. The price which they receive for eggs so marketed will be approximately those as given below for the class of trading concerned.

1. DAUPHIN, MAN.:—

Merchants paying producers.. . . .	Extras 12 cents. Firsts 10 cents. Seconds 8 cents.
Merchants retailing locally.. . . .	Extras 16 cents. Firsts 14 cents. Seconds 12 cents.
Merchants shipping to Winnipeg receiving from wholesalers there.	Extras 14 cents delivered. Firsts 12 cents delivered. Seconds 9 cents delivered.
Merchants shipping to retailers in Winnipeg receiving..	Extras 16 cents. Firsts 14 cents. Seconds 11 cents.
Winnipeg wholesalers selling to retailers.. . . .	Extras 19-21 cents. Firsts 15-17 cents. Seconds 12-14 cents.
Winnipeg retailers selling to consumers.. . . .	Extras 22-26 cents. Firsts 17-20 cents. Seconds 14-18 cents.

2. MOOSE JAW, SASK.:—

Country merchants paying.. . . .	Extras 10 cents. Firsts 8 cents. Seconds 5 cents.
Wholesalers paying country merchants or producers, delivered Moose Jaw.	Extras 14 cents. Firsts 10 cents. Seconds 7 cents.
City merchants paying producers.. . . .	Extras 12 cents. Firsts 10 cents. Seconds 7 cents.
Wholesalers selling to retailers.. . . .	Extras 20 cents. Firsts 14 cents. Seconds 11 cents.
Wholesalers selling in carlots to the East.. . . .	Extras 18 cents f.o.b. Firsts 13 cents f.o.b. Seconds 11 cents f.o.b.
Retail store prices.. . . .	Extras 19-25 cents. Firsts 15-20 cents. Seconds 10-20 cents.

3. YORKTON AND MELVILLE, SASK.:—

Merchants and dealers paying producers.. . . .	Extras 12 cents f.o.b. Firsts 10 cents f.o.b. Seconds 7 cents f.o.b.
Eggs retailing locally.. . . .	Extras 14 cents. Firsts 12 cents. Seconds 8 cents.
Dealers in Yorkton and Melville district shipping to Montreal are receiving approximately.	Extras 18½ cents f.o.b. Firsts 13½ cents f.o.b. Seconds 11½ cents f.o.b.

4. WEYBURN, SASK.:—

Merchants paying producers.. . . .	Extras 11 cents. Firsts 8 cents. Seconds 6 cents.
Eggs retailing locally.. . . .	Extras 15 cents. Firsts 12 cents. Seconds 10 cents.

5.

The producers' Pool in Manitoba is advancing to its shippers at loading stations.

Extras 13 cents.
Firsts 9 cents.
Seconds 5 cents.

The advance being made in Saskatchewan is.. . . .

Extras 12 cents.
Firsts 8 cents.
Seconds 5 cents.

6. LANARK COUNTY, ONTARIO:—

Country merchants in Lanark county paying producers for small lots a flat price of.. . . .

14-15 cents.

The U.F.O. Grading Station at Perth is paying either country merchants or producers.

Extras 17 cents.
Firsts 12 cents.
Seconds 10 cents.

These eggs are being sold in Montreal to wholesalers at approximately.

Extras 22 cents.
Firsts 17 cents.
Seconds 15 cents.

Montreal wholesalers would pay country merchants or producers in Lanark County.

Extras 20-22 cents.
Firsts 16-18 cents.
Seconds 13-15 cents delivered.

Wholesale prices of eggs to retailers in Montreal.. . . .

Extras 24-26 cents.
Firsts 21-22 cents.
Seconds 17-19 cents.

Retail prices to consumers in Montreal.. . . .

Extras 29-34 cents.
Firsts 25-28 cents.
Seconds 20-25 cents.

7. LONDON, ONT.:—

Western Ontario merchants generally paying producers..

Extras 15-16 cents.
Firsts 12-13 cents.
Seconds 9-10 cents.

Country dealers buying from country merchants.. . . .

Extras 16-17 cents.
Firsts 13-14 cents.
Seconds 10-11 cents.

Country dealers selling to Toronto wholesalers, delivered.

Extras 19 cents.
Firsts 16-16½ cents.
Seconds 13½-14 cents.

Toronto wholesalers selling to retailers.. . . .

Extras 21-22 cents.
Firsts 18-19 cents.
Seconds 17 cents.

Retail prices to consumers Toronto.. . . .

Extras 24-28 cents.
Firsts 21-23 cents.
Seconds 19-20 cents.

8. ALBERTA POINTS:—

With very few exceptions country merchants in Alberta are paying producers for eggs at the present time an average of 8 cents per dozen. The following are details of two shipments of eggs from country merchants to wholesalers in Edmonton:—

- (a) 15 dozen eggs from a country merchant in Lamont shipped to an Edmonton Wholesaler
- 1 dozen and 9 Extras at 13 cents.
 - 9 dozen and 2 Firsts at 11 cents.
 - 3 dozen and 7 Seconds at 8 cents.
 - 4 Cracks at 6 cents.
 - 2 Rots at .. cents.

The average return for this shipment.. . . . 10½ cents per dozen.

- (b) 15 dozen eggs from a country merchant in Amisk shipped to an Edmonton wholesaler
- 5 dozen and 6 Firsts at 10 cents.
 - 8 dozen and 10 Seconds at 7 cents.
 - 8 Cracks at 6 cents.

The average return for this shipment.. . . . 8 cents per dozen.

The average returns from Edmonton wholesalers to country merchants at the present time are \$2.50 per case or slightly in excess of 8 cents per dozen.

Wholesale prices of eggs to retailers at Edmonton.. . . .

- Extras 22 cents.
- Firsts 20 cents.
- Seconds 16 cents.
- Cracks 13 cents.

Wholesalers selling in carlots to the East.. . . .

- Extras 17 cents f.o.b.
- Firsts 12 cents f.o.b.
- Seconds 10 cents f.o.b.

Retail prices to consumers.. . . .

- Extras 22-25 cents.
- Firsts 20-22 cents.
- Seconds 16-19 cents.

9. SASKATOON, SASK.:—

Country merchants in the Saskatoon district paying producers.

- Extras 9-13 cents.
- Firsts 8-10 cents.
- Seconds 5-7 cents.

Saskatoon dealers paying country merchants.. . . .

- Extras 13 cents.
- Firsts 10 cents.
- Seconds 8 cents.

Wholesale prices to retail stores in Saskatoon.. . . .

- Extras 17 cents.
- Firsts 15 cents.
- Seconds 12 cents.

Retail store prices in Saskatoon.. . . .

- Extras 22-25 cents.
- Firsts 17-20 cents.
- Seconds 14-15 cents.



MINUTES OF EVIDENCE

HOUSE OF COMMONS,

THURSDAY, June 11, 1931.

The Select Standing Committee on Agriculture and Colonization met at 11.00 o'clock a.m., Thursday, June 11, 1931, Mr. Senn in the Chair.

The CHAIRMAN: I suggest, gentlemen, that a sub-committee be appointed to deal with the naming of witnesses who should be required to come before the committee.

Moved by Mr. Bowen that Messrs. Tummon, Campbell, Gobeil, Perley and Totzke be a sub-committee to recommend such witnesses as they may decide should be called, and to report the same to the main committee for approval.

The CHAIRMAN: Gentlemen, Mr. MacMillan was asked to come here to give evidence with regard to his department, but I am told that we have with us to-day Mr. Brown of Manchester, England. He will be here to-day, but he will not be available on any later occasion. Mr. Brown had charge of the shipments of cattle which were made to the Old Country, and I would suggest to the committee that we hear Mr. Brown.

Hon. Mr. WEIR: May I say that Mr. Brown represents his firm which is located in Manchester, and his firm sold about 90 per cent of the Canadian cattle that have gone to the old land since last fall. He came out to Canada last fall. On that occasion he did not go further west than Toronto, so I persuaded him on this occasion that he had not seen Canada—I say that with all due deference to Ontario—until he had visited Winnipeg and Calgary and had seen the sheep and cattle of western Canada and thus derived a first hand knowledge of that part of Canada. Mr. Brown will give us a short talk and then he will answer questions.

Mr. W. R. BROWN is called.

Mr. BROWN: On this occasion, instead of staying in Toronto, I went further west. We had in the spring a certain type of western animal that has been very satisfactory to the trade in England. Before this year Westerns didn't have a very good reputation. We were getting a class of cattle that were not exactly suitable for feed and not exactly suitable for butchers, but this spring the cattle that have come across from western Canada have been very suitable for either purpose; so much so that people who have not had these Westerns in England and could not be persuaded to buy them before, have bought them this spring and have definitely been able to make a nice little profit. I am speaking of the farmer who has fed these cattle. These people now have an appetite for more of these Canadian cattle of the right class, and if this right class comes across this fall there is no doubt there will be a fair demand on the other side. At the present time, of course, everyone is looking for space to ship their cattle. The prices on our side are one cent and one cent and a half profit on this side, but every one must remember that that is only a phase of the trade, and it will last for only two or three weeks longer now, and anyone shipping cattle across must be prepared to face the prices that are ruling in regard to the open trade with Ireland, because when August comes we have a decline in prices. If the right class of cattle is sent across to the other side they will hold their own in com-

petition with our own cattle. You have as good western cattle coming across this year as I have ever seen in our own country—among the Herefords and the Blacks, and the farmer over there would be very pleased with them. No doubt, some of you will want to ask questions, and I shall be only too pleased to give you information and answer your questions. Our firm has handled, roughly, 90 per cent of your cattle. My Grandfather was in the trade, and our firm has followed this Canadian trade all the way through.

Mr. DONNELLY: Is it a private concern?

Mr. BROWN: Private.

Mr. MULLINS: I can strongly recommend this firm. I know all about it. A year or two ago I did a lot of business with them. I have been shipping to them for a long time. In fact, I was a partner with them in some shipments in the earlier days. I don't know whether my business was with your Grandfather or your Father, Mr. Brown, time has slipped away so rapidly. But they are a very old firm in Manchester, and a very reliable firm, and anything that will come from Mr. Brown I can tell this committee will be absolutely bona fide. I want to say this that it is nice to see Mr. Brown come out here and put his own money up to buy cattle. What I claim to be the right system is a system whereby the farmer sells his cattle at home.

Mr. BROWN: Absolutely.

Mr. MULLINS: Sell your cattle at home; sell them on your farm; let the other man come after them; let the buyer, the shipper, the cattle dealer or anybody else come after them, and let the farmer make his own bargain and sell his cattle. I would like to see that method brought back again. I do not want to see this new order of things. I would like to see more of these men coming out from England, ready and willing to put their money up against the trade and buy the cattle in this country, take them home and take the risk of the ocean voyage and the risk of the markets—the various risks that obtain in the cattle trade. Mr. Brown has shown his faith in the cattle industry. He has been trading on different markets. I can strongly recommend his firm because of my association with it over a number of years. I have always had a fair deal from them. They have treated me right, and I think probably I am one of the oldest shippers left in the trade who has been dealing with that firm up until the trade stopped in 1926.

With regard to his suggestion, I want to say this: there is a different type of cattle used by Manchester from that used by Liverpool. There is a different type in demand for Glasgow from the type in demand in Liverpool or Manchester. I think if you ask him the question he will tell you the types of cattle needed for Manchester and Liverpool and the type which is in demand in Glasgow and other centres in England. That makes all the difference in the world—the type of cattle required for these various markets, and how you ship them and select them; and Mr. Brown is in a position to explain that.

The CHAIRMAN: Mr. Brown is ready to answer any questions you may see fit to ask him.

Mr. PORTEOUS: Are these cattle sold principally to the feeder trade?

Mr. BROWN: No, the cattle at the present time are not, except in exceptional circumstances, sent to feed; they are all for the butcher. That is because your class of animal going across at the present time, apart from Scotch cattle and maybe the select cattle the north country, are of better quality than can be generally obtained, and that is why these Canadian cattle are drawing the price they are to-day. This is the off season; we are between our stall feeds and our grass cattle, and the demand is generally just a wee bit on top of the supply, and your cattle are meeting that demand, and the quality enables the butcher to take that supply right away.

The CHAIRMAN: Is there a market for grass cattle?

MR. BROWN: Oh, yes, there will be a market for feeders later on.

MR. LUCAS: This same class of cattle that is going over now will be the feeders in the fall?

MR. BROWN: Yes. Even in the fall of the year we have the butchers still going among your cattle.

HON. MR. WEIR: The class of cattle going over now is butcher cattle?

MR. BROWN: Yes. They are going into consumption.

MR. MULLINS: You buy short keeps?

MR. BROWN: Yes.

MR. MULLINS: What we call fat cattle in this country; they take them for short keeps and hold them for thirty days and then turn them back into the market

MR. BROWN: Yes, that is correct. The butcher to-day can afford to give more than the stall man for those cattle. If the stall man was buying those cattle to-day he would have to buy them at the highest price of the year and sell them at the lowest. That rules him out of the question for the time being; but when September comes and prices have eased a bit he will buy those cattle to stall feed.

MR. PERLEY: What is the best class of cattle sent in the fall?

MR. BROWN: We find that the Herefords which are sent over from the west are the type they are after, and the weight. Of course, they prefer a small beast—anything from 900 to 1,100 pounds—that is, weighed here; but your 900 pound beast is pretty well ruled out of the question because of the expense of shipping as compared with the 1,100 and 1,200 pound beast. The weight asked is for a beast of from 1,000 pounds to 1,150; and also I might say age is an important factor. If they are young cattle they will command a ready market.

HON. MR. WEIR: What month would be the best month for butcher cattle?

MR. BROWN: For slaughter? The best months are April, May, June and part of July. That is our dearest part of the year.

MR. MULLINS: And for steers, in the fall?

MR. BROWN: Yes, steers in the fall.

HON. MR. WEIR: What about February and March?

MR. BROWN: In February and March the prices usually show an increase over the back end, but not a great deal. We have always to wait until the month of May generally before you get any increase in prices. Our cattle prices never altered from last September—from last October up to four or five weeks ago there was no fluctuation at all. Since then they have raised only a penny a pound.

MR. MULLINS: For the information of these gentlemen, will you tell them—will this not be correct, that a three parts finished steer weighing about 1,100 pounds in the fall of the year is the most profitable one to ship? For instance I sold you a bunch of steers of about 1,100 pounds, three parts finished. They can raise these cattle in western Canada, they can feed these cattle in the west, but not finish them to make them fat. They can raise them extensively in western Canada on cheap feed and they can three parts finish them. Is that not a profitable animal provided that ocean freights are reasonable?

MR. BROWN: The animal that is three parts finished is the animal the cattle man will go after on the other side for short keeping.

MR. MULLINS: Where did you send these cattle you bought from me?

MR. BROWN: You sent some cattle over this last back end. There were some cattle that came over, some small cattle, Herefords, that had been out on the grass the whole time, and those cattle would be just about ready, and

the farmer would be about ready to sell them this month. That farmer told me that he never had cattle that did as well as those; and although we had hard work to persuade him to buy Canadian beasts—he had never bought one in his life before this year—he is prepared to buy three or four hundred for himself, and the farmers around about are all looking on wanting to get the same class of cattle as this man has had. Those are small cattle. I suppose they weighed here 900 pounds, and those cattle are the only cattle that that farmer happened to have that left him any profit. His Irish cattle did him very little good.

Mr. MULLINS: It is very nice to have you here and hear you say that. Is it not a good thing to let a good dairy cow go into England at the present time three parts gone for calving purposes? Do you remember the sales we used to have at Stanley Market where we used to sell one thousand a week? Is that not a good thing for Canada?

Mr. BROWN: You have asked me a question that I cannot discuss. From a personal point of view, with your heifers and cows it would be a very good thing, but our Board of Agriculture in England has set its face against allowing the free transit of cows and heifers, and I am afraid that no pressure could alter it.

Hon. Mr. WEIR: Have the Irish females access?

Mr. BROWN: Yes, free access. We realize the hardship when there is a distinction made between Ireland and Canada; but we have our political question, and I would not like to discuss it.

Mr. MULLINS: You remember going with me into a place where there was a pile of calves lying on the dock. We looked at them. They were all calves taken out of cows or heifers, and if our cows were permitted to that market that would be a wonderful market in England for our cows three parts gone in calf. If we could get into the British market at the present time with our dairy cows, it would be a good thing. Of course, Ireland is opposed to it and is fighting strenuously to keep us out. I want to make that statement on the floor of the House. I do not know whether I am going to be able to get to it or not. If we could get back on the British market with our Springer cows we could raise them plentifully, and get them three parts gone in calf, and ship them for calving purposes. We sold one thousand at Stanley Market years ago. If we could get back to that condition would it not be to the advantage of Canada?

Mr. BROWN: It would be to the advantage of Canada and to the advantage of England.

Mr. MULLINS: That is the point. It would augment the milk supply.

Mr. BROWN: First of all, you must make our Board of Agriculture and also our government see the point. Now, you have the sympathy of a lot of farmers, but maybe the majority of our farmers may be opposed to Canadian cattle. You can see my point. If you are going to put all those cattle on the other side—our cattle business is bad enough—if you are going to put all those cattle there you can quite understand that those people are not going to give your cattle a hearty welcome. Suppose, on the other hand we started to ship cattle into Canada, I am afraid they would not receive a very good reception in Canada. But there is a section, and a big section in Great Britain that wants your Canadian cattle, and can take care of them. You must remember that you cannot get all the boats you want to carry the cattle, and if you did get the boats the only thing you would do on the other side is nick our market and yours. If you had one other boat a week running into Birkenhead, one boat more carrying four or five hundred cattle, you would not get the same returns. It would break our market over there. You must remember that our trade, the meat trade of Great Britain is governed purely and simply by the chilled and

frozen meat trade and not by our own produce. If the quantity of chilled meat is so great that we have to take these very low prices, we cannot expect buyers to come along and buy this fresh meat at two and two and a half times the price.

Mr. MULLINS: Will you explain to this committee the difference between South American chilled meat and Canadian fresh live cattle?

Mr. BROWN: If you were to go into a restaurant and have a joint of each cooked I would defy you to pick the right joint four or five times out of ten. That is the difference when the meat is cooked. There is no use arguing that the chilled meat is not of the same quality as the fresh meat. We know that the fresh meat is better, but it is not worth twice as much. That is the price it is to-day. We had frozen lambs in our country selling when I came away at anything from four pence to six pence a pound with your home grown article at a shilling and a penny, or one and tuppence. With all the depression in our country, you cannot reasonably expect they are going to consume much of the fresh meat.

Hon. Mr. WEIR: By placing an extra boat for some other point, it would not have the same effect?

Mr. BROWN: If it went to some other point well and good, but the only boats we are likely to get at the present time are running to Birkenhead, and another boat into Birkenhead would spill that trade.

Mr. MULLINS: Is the trade in chilled beef from the Argentine dropping off any?

Mr. BROWN: I do not know. It showed signs when I came away of being a bit higher in price.

Mr. MULLINS: There is the question of the relative price between chilled and fresh meat.

Mr. BROWN: It is the relative price between those two articles that governs the trade.

Mr. DONNELLY: Will not chilled meat get a more favourable percentage?

Mr. BROWN: Absolutely. The percentage of chilled meat—there is not much frozen meat—it is nearly all chilled meat—we have the figures, and you will find there has been a general increase from year to year.

Mr. DONNELLY: Has there been an increase in price?

Mr. BROWN: It is cheaper than it was two years ago.

Mr. McMILLAN: All meats are cheaper.

Mr. DONNELLY: Yes. But relatively speaking, chilled meat is receiving a more favourable reception.

Mr. MULLINS: In 1925 I was in Manchester and Liverpool, and I found at that time that Canadian cattle were ousting a great deal of the Irish stock from its former markets; but after a time our competition seemed to fall down and we were not holding our own. I wonder if Mr. Brown could tell us why it was?

Mr. BROWN: 1925? Well, if I remember rightly one thing that stopped your exporting cattle from that time onwards was that you had such an increase in prices here that you could not send your cattle across. We were in the trade, but I do not think the trade finished until 1926. In 1926 we had a very bad year, and there was a lot of money lost. Your price went up here; our price did not alter much over there—but your price went up and when you started getting ten and eleven cents a pound for your cattle out here, there was no dearer spot in the world for cattle. Your price had gone up, and our price had gone down. I suppose supply and demand from the American side made your cattle go up, but our prices have stablized themselves around about the last few years.

Mr. MULLINS: Their ability to pay had something to do with their turning to the cheaper meat of the Argentine?

Mr. BROWN: Argentine meat started coming in stronger and cheaper. There was no need for any further increase in fresh killed meat. But you prices were going up, and that finished the trade. Then it started again in 1930, last back end, but the mistake that is made every time is that you make a few shipments and just because, I suppose, you do not get a profit, you think that things are a bit better here and you discontinue shipments, then when things get a bit better over on our side you say you want to ship your cattle there. You cannot expect the steamship lines to carry cattle for a month or two and then have the boats idle. If you can guarantee a regular supply of cattle you will find shipping facilities for them.

Mr. DONNELLY: The same is true with us. We are not going to ship cattle over there if we can sell them for more at home.

Mr. BROWN: There is another side to that question. If you are going to base your export trade on prices realized on the other side in competition with prices realized over here, I do not think it will work to the best advantage. If you are willing to take the prices prevailing on the other side and you will only ship five per cent of your stock to the other side which is losing money based on the price it can realize here, it is, at the same time, helping you to keep your market on the other side for the five or ten per cent going out of your country. When the States shipped their cattle years ago they did not look for a profit on their shipments, but 90 per cent of the cattle made so much more a pound. Now, the same thing applies to you gentlemen here.

Mr. GARLAND: Would that not rather be true in connection with the cattle industry of this country, so that any loss in the export trade would be upheld by those who are selling the home trade?

Mr. BROWN: That is an arrangement among themselves.

Mr. DONNELLY: It is hard to make a man export cattle when he is going to lose money on it.

Mr. BROWN: Yes. I quite agree that no one likes to export cattle if they are going to lose money; but then do not come back with the cry afterwards, "where is our shipping space?" That is what occurred in Canada. We have been shipping cattle all along, cattle purchased on our own account in Canada, since last September, and up to the time of my going away the profit and loss account was on the wrong side, and well on the wrong side. When I come to Canada and start knocking about every one says, "you have so much space why cannot I ship you a few cattle? Give me some of your space." That is hardly a fair thing to expect. I had to stand the brunt of purchasing the cattle all through the bad times, and when things come my way where should I be? These men would leave me in another month, and I should have to go back on my own game again.

Hon. Mr. WEIR: With regard to selling some cattle in order to improve the market here, that is what has been done by the western dealers, not only last fall but this spring. They agreed to market the stuff and contribute 5 per cent each to the carloads that were shipped, just to demonstrate that they could get them out of the country. At that time they thought there would be a loss.

The CHAIRMAN: Now, gentlemen, we have another witness to-day. I do not want to cut off the discussion if there is anything of interest to discuss.

Mr. SPROULE: Are there any American cattle going into the Old Country at present?

Mr. BROWN: No.

Mr. SPROULE: Your argument would cover boats going out of Montreal to the Old Country market. Would that same thing apply to the cattle over there when they are cheap?

Mr. BROWN: When our cattle are cheap and you send your cattle over you take a less price.

Mr. SPROULE: Yes. It would help to do the same thing that you mentioned a moment ago?

Mr. BROWN: Certainly. You have to take your own price. If you are going to send cattle over you can get only those prices which prevail on the other side. We cannot give you any guarantee that the price is going to keep up, that you are going to receive seven or eight cents, or whatever it is at the present time. I tell you candidly that when August comes along you will receive less if you ship your cattle because you have to have an outlet.

Mr. SPROULE: Pardon me. I do not think you have understood my statement. I think you mentioned a moment ago that all those boats and cattle going on the market would knock the market to a certain extent?

Mr. BROWN: Yes. Our market.

Mr. SPROULE: The same thing would apply, as you say, if you sell your cattle there—the same thing would apply on the lower market; it would send it lower?

Mr. BROWN: Yes, but you forget this point: as the price of your cattle decreases on the Old Country market, so does your consumption come up, and where we can take care of two or three boats at the lower price this would not break the prices as much as two or three extra boats at these high prices. If the butcher has to charge two pence or three pence a pound more for meat at the present time, it stops your consumption.

Mr. SPROULE: I think you are quite correct; but I believe that the supply and demand is pretty nearly the same all over; but at the present time, unfortunately for the Canadian cattle, I guess we haven't got space enough, and maybe later on we will have space enough when it is not needed?

Mr. BROWN: That is exactly what will happen. You will have all the space you will require, and you will not fill it. The steamship lines will lay the ships up and scrap the fittings and there would be no boats, and no more boats will be fitted out again. I will tell you that if we had not been in the trade and kept these boats going, there would not be a boat to-day to take the cattle across.

Mr. LUCAS: Does the retail trade reflect the price paid?

Mr. BROWN: In what respect? As your price goes up consumption decreases, as your price goes down your consumption grows. It is only natural. There is only so much money to be spent, and if they can get so many pounds for so many shillings that is as much as they are going to spend that week. When the meat gets cheaper—

Mr. LUCAS: Does the retail trade reflect immediately on that price?

Mr. BROWN: Pretty soon after the price is altered.

Mr. McMILLAN: You do not expect any boats to go to Glasgow?

Mr. BROWN: There may be a boat or two. If boats go to Glasgow some of the Glasgow fellows will come up and buy these cattle for keeping.

Mr. MULLINS: There is one point I would like you to explain. There is an agitation here that we should start packing plants and that we should ship dead beef. That is absolutely impossible?

Mr. BROWN: Yes, on that point, yesterday I was with Mr. McLean of Harris Abattoir, and he was very keen on that point of shipping meat. He

took me in the cooling houses and showed me all the meat, and asked me about meat landed in that condition in England, and what price it would make. I said if he would land the meat in the same condition in England as I saw it then it would make as much as any meat as we have got in England.

Mr. McMILLAN: Even live cattle?

Mr. BROWN: No, this is dead meat. But there is one factor that you cannot get over. This meat is kept in a temperature around thirty-five degrees, or somewhere around there, and that meat, when it gets to England, has to go out onto the market in a temperature at this time of the year of maybe anything up to seventy degrees. Now, that meat when it goes out is going to sweat, and that meat when it starts to sweat looks very mediocre, and they could only sell that meat there frozen or in competition with the chilled meat. They could never make it pay. It has been tried, and I believe the firm that made the experiment said it cost them \$35,000. If you send that meat over to England you must be prepared to face prices ruling for chilled meat, and since that is four pence farthing and four pence half-penny, you can see that it is not going to be possible to do it.

Mr. MULLINS: It has been tried, and it is not possible to ship dead beef alongside of live cattle and get the results you want.

Mr. McMILLAN: If you told them what the cattle you are shipping were sold for—

Mr. BROWN: Which cattle?

Mr. McMILLAN: There are cattle landed in the Old Country; what are they bringing now live weight in Manchester?

Mr. BROWN: These are the results given me since I have been out here. We have figures for cattle ranging in the west from six and a quarter cents up to seven cents according to the class of animal; on cattle ranging in Ontario up to seven and half cents, net back. Of course, this only makes the demand for space for shipping greater than ever, because those cattle naturally must be showing the person that is shipping them a difference of—he must be making fifteen or sixteen dollars more than here.

Mr. MULLINS: About fifteen dollars a head?

Mr. BROWN: Yes, about fifteen dollars a head. That is only a passing phase.

Mr. PORTEOUS: When procuring space, do you have to contract for space the year around?

Mr. BROWN: Not exactly the year around, but I make arrangements for space as far back as the beginning of March, and you gentlemen could have had space up to a few weeks ago, but you have all waited until that market firmly established itself before you would send any cattle across. You did not want to take advantage of the risk. You started shipping cattle in September, but you haven't got enough to keep on shipping. Therefore, you did not do so. Our firm has done all they could to foster this trade. They have purchased the cattle, and there are other firms in England that are willing to purchase cattle in Canada and are not asking you gentlemen to send them on consignment and take all the risks. I think cattle should be purchased out here by the firms that are going to handle them, as I have stated.

Mr. MULLINS: It is much more satisfactory to the producer here.

Mr. BROWN: It is more satisfactory for everybody concerned.

Mr. PERLEY: The important thing is for the producer here to realize that that type of cattle are marketable.

Mr. BROWN: There is a market for any class of cattle at a price.

Mr. TUMMON: Could you not very briefly give us a description of the types that are most acceptable? I think that is necessary. I think the general public would like that information.

Mr. BROWN: The type that is best suited for the markets of Birkenhead, Manchester and the Midlands is a class of animal ranging in weight, say, from 1,000 pounds to 1,150 pounds, finished meat, the same as you have in the Hereford type. That Hereford beast is a very compact animal. To look at an animal you would say that it weighs 900 pounds, and when you put it on the machine you find it weighs 1,100. Now, that is the type. Another type is the big rangy beast that looks to weigh a ton and only weighs about half of it. That class of cattle, of course, does not command the best price. Your Herefords and your good Black cattle have made prices that have not been obtained by a lot of our own cattle. On any boat you can always sell a few Hereford cattle. You should mix them. You do not want the whole 500 cattle on the boat, say, of 1,100 pounds. So long as you do not send a boat that is going to land 500 cattle weighing around 1,400 pounds, you are all right. If you mix them in the ratio of 75 per cent small cattle and 25 per cent big cattle on a boat you will be all right.

Mr. MULLINS: I have one of your bills of sale up in my room. You sold a bunch of heifers for twenty-four pounds a piece. Do the good quality heifers sell in Manchester?

Mr. BROWN: The heifers have to be killed at the Port of London, which is Birkenhead, and they can be shipped to any part of the country as good meat, but the expense of killing at Birkenhead is about two and a half per head, and that, of course, detracts from the net returns on the beast. A good heifer, and by a good heifer I mean a pure heifer, commands in our country the best price of any—a good heifer, weighing 1,000 pounds—950 pounds to 1,000 pounds commands the best price in the country. There was always a question in the west concerning branding cattle. If we had a beast that was branded it took so much off its hide that it made the value of that beast so much less. At one time last September the difference between a branded hide and an unbranded hide—the branded hide sold for four pence and the unbranded hide sold for eight pence. A hide from a western beast that was branded had half the value of the hide of an unbranded beast. But to-day the price of hides varies. I cannot explain this. The price to-day is five pence half-penny and a branded hide sells at three pence. The difference between the price of a branded hide and a not branded hide is not taken note of. Five pence is paid for the best clear hides, and there are very few that are clear. The funny thing about branded cattle is that they are not warbled and a lot that are not branded are warbled. Actually, what we have seen is that branded hides have made more than the clear hides. The clear hides have been warbled, and the average price for a lot of cattle is about four pence a pound.

Mr. GARLAND: That last statement of Mr. Brown's introduces a scientific question which would be immensely interesting to prove, that is, whether the branding of hides stops warbling or not.

Mr. BROWN: I do not think that is so. It happens to be a coincidence.

Mr. SPEAKMAN: I think it is because of the different conditions under which the ordinary branded cattle run.

Mr. BROWN: On branded cattle to-day the hides come into as much money as what we call clear.

Mr. MULLINS: We have a very important gentleman here, and we must not hurry him away, because his evidence is very important to western Canada. We are getting very valuable information from this gentleman, and this cattle industry has so many angles to it that it is just as well to get all the infor-

mation we can while we have Mr. Brown here. It is not often we can get him, and a gentleman who comes out here and puts his own money up is the kind of man we like to see in this country.

The CHAIRMAN: I am sure we all appreciate that. The only point is that we want Mr. Brown to do the talking, and we will ask the questions.

Mr. CAYLEY: In view of the prices, is the industry increasing in the Old Land? Are the farmers going in more and more for stock raising so as to get their home market?

Mr. BROWN: No. What is causing the increase in price this year is that the supply of stall fed cattle is finished and the grass cattle are not ready, so there is a scarcity of good cattle at the present time. That will occur every year, and that is where we get our high prices—owing to the break between the finishing of stall fed cattle and the grass cattle. In the last year or two the crops in Scotland and in different parts of England have been very great, and, at the same time practically worthless, so that the potatoes were fed to the cattle, and the farmers put in a second crop of cattle, and the consequence was that there were more cattle in the spring of the year than were required. They had such a bad time with them last year that this year they have been shy and have put less cattle in, and that has caused an increase of price this year.

Mr. CAYLEY: You do not think they will go on increasing cattle?

Mr. BROWN: No. As a matter of fact I do not know the numbers, but I do not think in our country there is any increase at all; rather the reverse.

Mr. McMILLAN: You expect the Irish cattle before the beginning of August?

Mr. BROWN: Not in any numbers. The bulk of the cattle start in August right up to October. October and November are generally the worst months.

Mr. McMILLAN: You buy some cattle in Dublin?

Mr. BROWN: Every week.

Mr. McMILLAN: You prefer buying them in Canada?

Mr. BROWN: Our first consideration—

Mr. McMILLAN: You are buying Canadian cattle because they are better cattle?

Mr. BROWN: As a matter of fact every country has its advantages. Ireland is the same to us as the States are to you. Ireland is just across from us, sixty miles away. They can get the cattle into the country easily. A fellow cannot go across Canada and buy cattle easily; it is too far to come. The only point with regard to Canadian cattle is that they are good meat and good cattle. They are holding their own with any cattle from Ireland or anywhere else. I will not say they are better or worse.

• Mr. McMILLAN: The Old Country man knows a good bullock.

Mr. BROWN: If you killed a Canadian, Irish and Scotch beast and hung them up together in the Manchester market, your Canadian meat would be marketed at the same price, neither more or less than the Irish meat.

Mr. MULLINS: How about the offal?

Mr. BROWN: The offal in the Canadian beast is sounder.

Mr. MULLINS: You have no fluky livers?

Mr. BROWN: As a matter of fact, your cattle ought to be all offal; the livers are so sound.

Mr. MULLINS: A big percentage of the Irish cattle have fluky livers.

Mr. BROWN: A big percentage of the Irish livers are condemned and if not condemned, half of them are cut away. The difference between Canadian

offal—take one hundred offals out of one hundred Canadian cattle and out of one hundred Irish cattle, and the difference in money would amount to half a dollar a piece more in favour of the Canadian cattle.

Mr. MULLINS: I have made that statement and it has been contradicted. I am glad to hear you make that statement, because our offals are far better than the Irish offals—that is, heart, liver and tongues.

Mr. BROWN: I will give you this information—I don't know how many thousand cattle have been shipped out by us—but out of all the thousands of cattle we have shipped over since 1924 we have had, I think, three beasts condemned on account of tuberculosis—three out of thousands.

Mr. MULLINS: That is a pretty good record; and there is a very close watch, of course, kept on them.

Mr. TUMMON: Would it be safe to assume that in succeeding years there is likely to be a fair market for the proper type of cattle?

Mr. BROWN: Provided you can afford to raise cattle here and export them to the Old Country. You used to have a big trade years ago. Well, your prices then were nothing akin to what they are now. You have fallen off. Things are doing so badly. They are getting five and a half cents for cattle in the west. In the old days there was more in cattle in the west. I grant you that grain-fed cattle are nice animals, but there is nothing wrong with the other. I do not think in any country you will see cattle any dearer. I should say the reverse would be the case. Cattle will have to become cheap. You are always fighting against that chilled meat, and in this country to-day you are now importing frozen lambs. Now, we started on a small scale ourselves, and look the hold they have got to-day. It is the chilled meat and the frozen lambs that rule our trade. Of course, you are not affected by it here as we are over there.

Mr. MULLINS: Smithfield market is full of frozen mutton and chilled meat.

Mr. BROWN: Yes. 75 per cent chilled and frozen, and 25 per cent English. I am not certain of those figures.

Mr. McMILLAN: I may say that after shipping cattle from 1880 to 1900 we decided we would sell at home if we could get five cents per pound.

Mr. BROWN: You cannot expect—you do not want seven or eight boats in the service each week to ship these cattle. You just want to know what number of cattle our country can absorb without upsetting our own markets, because if our markets are upset it must react back to you.

Mr. CAYLEY: Outside of Ireland and Canada, what other countries are selling live cattle?

Mr. BROWN: None. But I found out since I have been over here that one of the cheapest places to buy cattle is the United States right now. I do not doubt they are actually cheaper than you are. In regard to the actual net return on cattle bought in Toronto and cattle bought in Chicago, it was just touch and go which were the cheaper cattle.

Mr. MULLINS: The best high selling meat in England is the Scotch fed beef?

Mr. BROWN: Yes. But don't run away with the idea that all Scotch cattle are good. They are not. The Black Pole does not command a good price. Scotland also has a lot of commercial animals that run the same as any Irish cattle.

Mr. MULLINS: The Canadian steer feeds well. It goes into the feed lot and comes back onto the market and sells as a home fed beast.

Mr. BROWN: Yes, that is correct; and it sells at the top of the market if it has been fed in England.

Mr. MULLINS: No matter how short or how long, it brings the top of the market; is that correct?

Mr. BROWN: Yes. I have ordered Scotch cattle from Perth. Those cattle came down. There were all sorts of breeds among them. When we killed those cattle every one had a branded hide. They were Canadian cattle. But that was no detriment to them. It was only the hide which was branded. We gave a good price for those cattle.

Mr. McMILLAN: The feeders used to like to buy our cattle and feed them on the grass for a little while and then turn them in and sell them as best Scotch.

Mr. BROWN: Yes. There is no harm in that, because the Scotchman is importing his cattle from Ireland too, and they come out as Scotch cattle.

Mr. MULLINS: They put a little finishing touch on them and they come back on the market as home fed cattle. Mr. Watson sold a number of them for me. They were on feed thirty days.

Mr. BROWN: I sold some Canadian cattle. I sent them up to Perth. They were sold at twenty-four pounds a piece in Perth. This farmer kept them for twenty-six days. He need not have kept them that long if he had evaded the order. He put those cattle onto his local market, and he had a very good thing. That is why our farmers to-day like buying your cattle, because they are getting what we call a fat animal. They have only to keep its condition up, never mind improving it, and they can put it on the market in a short time. Now, that is what makes a lot of those farmers go after your cattle; they are in such good condition. They start to thrive right away, and they are ready for the market right away. If they buy some of our own cattle they have to keep them a considerable time. They always take three or four weeks before they start to do well. The Canadian beast starts to do well right away.

Mr. MULLINS: The Irish cattle do not respond as quickly as ours?

Mr. BROWN: No. We do not feed any cattle, but that is the information I had.

Mr. MULLINS: That is valuable information for the committee, because the Canadian steer does start from the time it goes into the feed lot.

Mr. BROWN: Yes. The only thing against western Canada steers is that they are wild. In our country we have all these small farmers in close proximity to the towns, and the cattle are driven through the streets, and you cannot expect them to be able to handle those western cattle the same as they do here. If you saw those western cattle when they get off a boat and when they are put on a train—they clear the streets. That is the only thing against them. Anyway the people are using these cattle and feeding them, and they know how to treat them.

Mr. BOWEN: What is the difference between a good feeder and a good finished article over there?

Mr. BROWN: A good feeder at the present time would, I suppose make roughly forty-eight shilling a hundredweight, and you would have your fat beast that would make very little difference—

Mr. McMILLAN: That is forty-eight shillings per one hundred and twelve pounds. But as regards your feeder cattle—

Mr. BROWN: What our farmer wants is what we call a fat beast—never mind using the term “feeder” or “stock beef,” keep to the term “fat”; and that is what he wants. He does not want an animal that wants too much feed. He wants from a three parts to a fat beast.

Mr. McMILLAN: Can you tell us what is the cost from Toronto to Manchester; what is the entire cost?

Mr. BROWN: Of selling and everything?

Mr. McMILLAN: Everything.

Mr. BROWN: Twenty-eight dollars.

Mr. McMILLAN: From Toronto to Manchester?

Mr. BROWN: Yes.

Mr. McMILLAN: Including transportation?

Mr. BROWN: Yes.

Mr. SPEAKMAN: I was going to ask you if there was any preference for the dehorned animal?

Mr. BROWN: They are all dehorned. Of course, there are some western cattle that come with a tremendous reputation, but, unfortunately, they come out badly, I have since learned from a person who had those cattle that the cattle had done badly. I saw him when I was out in the west this time. He had asked for a criticism of his cattle, and he was pleased to see that it was justified, as he had found out what had happened to his cattle. I will tell you candidly that you cannot find any nicer meat anywhere than grain fed cattle. Take the cattle that came with a special consignment of two hundred odd; there was hardly a middling animal in the two hundred cattle. When that beef was hung up it was almost as white as chalk—a good selling colour.

Mr. McMILLAN: In the case of those cattle that did not kill out well, they could not have been sufficiently well fed?

Mr. BROWN: No. Your grass beast out of the west does not kill as a rule to a good colour, either the animal is shipped too old or the colour is against the sale of the meat; and that is why the people at one time, even up to a short time ago, would run clear of a western animal, and that is why we never ourselves attempted to buy western cattle, but always Ontario cattle, because the colour of your grass fed western cattle was altogether wrong. This year the colour of that meat is different. It has made people naturally ask for western cattle in preference to Ontario cattle. I had a cable this week from my brother stating the fact that in contrast western cattle had a better value than Ontario cattle. Now, that is the reverse.

Mr. MULLINS: That is out of the feed lots of the west?

Mr. BROWN: Yes, out of the feed lots of the west.

Mr. MULLINS: But if they come off the grass they kill light in the kidney.

Mr. BROWN: You can buy plenty of good cattle, fat cattle, and they kill very nearly a red colour. That is against the sale of that meat.

Mr. CAYLEY: If you could buy cheaper in the United States would you buy from them?

Mr. BROWN: No. I could buy fat cattle over in the States. I will not say they were offered to me, but I have heard the suggestion thrown out about purchasing some cattle there. You must remember that those cattle have not quite the same facilities as yours. A feeder going to Birkenhead must be killed at Birkenhead. So long as I can purchase Canadian cattle and can make Canadian cattle profitable on the other side, I should not trouble about United States cattle.

Mr. CAYLEY: The question comes down to this: how can we solve this problem of a steady supply from Canada to your market? It seems to me that it lies between the buyer and the producer.

Mr. BROWN: It is a very difficult question.

Hon. Mr. WEIR: The producer must know when is the best time for the market and readjust his plans.

Mr. BROWN: Here is the difficulty we are under. I am giving this from our standpoint. We are purchasing cattle in Canada. Now, practically the only points we can purchase cattle at in Canada are Montreal, Toronto, Winnipeg and Calgary. That is all right as far as it goes; but if we can afford, for argument's sake, to give six cents in Toronto for those cattle, the farmer who owns them, whoever he may be, may have to fetch those cattle two or three hundred miles on the railroad. He has all those charges to bear, and he may get a net return of five and a half cents. Now, if we are going to purchase those cattle at five and a half cents at home, see how much better he would be than with six cents at Winnipeg, because your expense would be no greater than it is from Toronto. But, I have been around this country, and I have offered six cents in Winnipeg for cattle. I have offered five and a half in Calgary. These self same cattle will go to the market and they are not going to make that price unless your market is considerably improved.

Mr. MULLINS: You get the benefit of the through rate.

Mr. McMILLAN: So far as western Ontario is concerned, we cannot ship our cattle to Montreal without feeding them in Toronto, and if we make the connections we can ship them in about a quarter less than the thirty-six hour limit. I have had it up with the Railway Commission. This comes under the criminal law, and it prevents us from having cattle on the train longer than thirty-six hours without feeding.

Hon. Mr. WEIR: Is there any possibility of you getting a train load of cattle?

Mr. McMILLAN: Mr. McLean of the Railway Commission has said they might relax the regulation to allow us to ship.

Hon. Mr. WEIR: In that way you cut the shipping time from Calgary to Montreal by two or three days.

Mr. McMILLAN: I may say that in years gone by when the railway accommodation was not so good as it is now we always shipped from our markets to Montreal without feeding, and never had any difficulty in twenty years. In 1921 when I sent my cattle across I had to feed them in Toronto according to the regulations, and I think an effort should be made to do something in this regard.

Hon. Mr. WEIR: That is what they do in the west. They get a lot of cattle together there and make a trainload and they cut two or three days off the journey.

Mr. SPROULE: That law does not apply to-day. You can feed your cattle and send them through the same as you used to.

Mr. McMILLAN: Not according to my information from the Railway Commission.

Mr. SPROULE: I can tell you of a man who is shipping cattle and for four weeks he showed me his papers. I know what I say to be right.

Mr. McMILLAN: From what station has he been shipping from?

Mr. SPROULE: From your riding. He loaded the cattle out on four Saturdays one after the other.

The CHAIRMAN: I think the thanks of this committee is due to Mr. Brown for coming here and giving us this valuable information.

Mr. BROWN: Gentlemen, if there is any further information you want, I shall be only too pleased to supply it. There is the vexed question as to how we can keep a regular supply going. I will make this very short. We have had to keep that trade going, and I do say this, and I wish it to be borne in mind, that I do not think that the shipments should have been allowed to lapse from last September right up to a week or two ago. Out in the country the returns from those shipments showed that they made the lowest markets of the year.

The three shipments were made and then you were finished. Now, it would be much better if the farmers had gone on all the time. I think you will have more boats on the service now, and you would have got into more channels in England. We got the trade going and then cut it down, and we have to start it up again.

Mr. McMILLAN: Shipping from St. John or Halifax?

Mr. BROWN: We ship all the time through St. John. We reckoned it up just before I came away, and we were on the wrong side, and we lost money. We were shipping cattle, and I was paying men commission out here buying cattle. But the farmer has got his cattle at home and can ship direct to the other side. I say this, that from last September up to the present time he should have been able to send cattle across.

Mr. McMILLAN: Is there any detriment to cattle from the extra shipments?

Mr. BROWN: Yes. He does not get as good prices as obtain around Montreal, but the detriment is not so great as to prohibit the shipment.

Hon. Mr. WEIR: The big difficulty is in our method of marketing.

The CHAIRMAN: Before going any further, I would like to make the suggestion to the committee that in all probability some discussion will take place on the marketing of grains and fruits, and any member of the committee who wishes to have witnesses called should go to members of the sub-committee and make their wishes known. As soon as we found out what witnesses are to be called, we can open up discussion on these different questions.

Mr. A. A. MACMILLAN: Chief of the Sheep and Swine Division, Department of Agriculture, called.

Mr. MACMILLAN: Mr. Chairman and gentlemen, I shall endeavour as briefly as possible to give you a review of hog grading since its inception in 1922. Previous to the passing of the hog grading regulations a hog conference was called at Ottawa. That conference was called because, following the war, Canadian bacon was selling in the Old Country at a discount of around 30 shillings per cwt. at that particular time, and that was such a serious handicap to our Canadian farmers, and affected the price of hogs so seriously here that the producers and packers became very much alarmed and the government was asked to call all interests together to see if some solution could not be found for the problem which existed at that time. Now, that conference consisted of packer representatives, producer representatives, commission men, and representatives from the provincial governments as well as the Federal Government. Definite recommendations were made; and the main suggestion that came out of the conference was that hog grading regulations be established under the Live Stock and Live Stock Products Act. The packers agreed that if these hog grading regulations were passed, there would be a premium for select bacon hogs of 10 per cent, and when the hog grading regulations went into effect, having passed in October, 1922, trading in hogs was established with a premium of 10 per cent for select bacon hogs. I should also say that the Swine Conference agreed that outside of a fixed differential for select hogs, that all other hogs were to be sold on the markets throughout Canada according to the law of supply and demand. That is, there was to be no fixed differential between any of the other grades. The seller and the buyer were to get together and create a market demand, and the price would be established from day to day and week to week. After the hog grading regulations became operative, it naturally took some little time to get the trading switched from a flat basis to a sale according to grade. On some markets that was easier than on others. Toronto and the west fell in line quickly. Montreal was a most difficult market to get the trade switched over to a sale on a graded basis. I might say that even yet there is a considerable percentage of hogs that are sold flat on the Montreal

market. But gradually as the grades became known, trading in hogs became established on a graded basis, and the ten per cent premium was paid for select bacon hogs, and then prices were established for thick smooths and the other grades such as heavies, extra heavies, lights, feeders, and the rough hogs, sows and stags.

The CHAIRMAN: The basis of that price was on thick smooths?

Mr. MACMILLAN: The basis would be on the thick smooth grade, and 10 per cent premium was paid for the select bacon hogs. There was a great deal of improvement work undertaken by the Provincial Departments and by the Federal Department, and as time went on hogs throughout Canada gradually became better. I can remember when hog grading went into effect first being out at certain shipping stations, and it wasn't uncommon to see the different grades, and I remember in one case where we saw nine different grades of hogs, white-blacks, red-blacks, red-white, and various colours, and all kinds of hogs up to select bacon hogs.

Mr. CAYLEY: What had the colour to do with it?

Mr. MACMILLAN: The colour represented lack of polish.

Mr. CAYLEY: It would not play any part in the grading?

Mr. MACMILLAN: It did at that time.

Mr. COOTE: What part did it play?

Mr. MACMILLAN: Hogs are divided into bacon breeds and non-bacon breeds, and particularly in western Canada the Poland-China and the Duroc-Jersey were quite in evidence when the hog regulations commenced.

Mr. COOTE: Is not the Poland-China the same colour as the York?

Mr. MACMILLAN: No. The Yorkshire is white-blue, and the Poland-China is black. Improvement went along hand in hand with the application of the hog grading regulations. About 1925 the west began to clamour for some effort to be made for a farmer to produce bacon hogs. We had a special meeting to deal with that phase of the swine industry. It was very difficult to find a solution at that time. Time went on until 1927. I might say that in the meantime, when the hog grading started, Canada was exporting over one hundred million pounds of bacon. So, the consumption here gradually increased and our supplies for export gradually fell off. Then, in 1927 the packers found that this 10 per cent premium which they had agreed to pay at the start became too much of a burden. That is, in the meantime, the supply of hogs for export had fallen off and the bulk of our product was going on the Canadian market.

Mr. MULLINS: Was that due to the grading?

Mr. MACMILLAN: No, it was due to gradual industrial development in Canada, and a period of prosperity which we were passing through, and also to the fact that our quality of pork was steadily increasing, and we were able to give our Canadian consumer a much better quality of product than he had been receiving previous to the time hog grading was established. During the last five years our hog population in western Canada has increased to a greater extent than for any other five year period in the industry, and consumption has been fairly high; in fact, over eighty pounds per person.

Hon. Mr. WEIR: Is that a year by year average, or an average for five years?

Mr. MACMILLAN: In 1930 our hog population, according to the Dominion Bureau of Statistics was 4,000,000, which is down as compared with the previous year; but taking the five-year average our hog population has been considerably greater over that entire five-year period. Of course, 1924 was our big hog production year in Canada.

Mr. MULLINS: The farmer is pretty well educated now as to what you want?

Mr. MACMILLAN: Yes. Just to give you an idea of where we stand with regard to hog improvement in Canada—

Mr. COOTE: You said your supplies for export were falling off; you meant the quantity supplied to the trade was falling off?

Mr. MACMILLAN: No. our consumption in Canada was steadily increasing.

Mr. COOTE: You meant that there was less left for export?

Mr. MACMILLAN: Yes, less left for export; and our price here in Canada became somewhat similar to what exists in the cattle trade—as the price increased it became more difficult to export, and following the coal strike in Great Britain, prices dropped to such an extent that the packers in the export business at that time suffered very considerable loss. The price paid for hogs in Canada was altogether out of line with the price of bacon in Great Britain.

Mr. COOTE: Has not the price of bacon in Canada been constantly higher than in Great Britain all this year?

Mr. MACMILLAN: Yes.

Mr. SPROULE: You said that the packer at that time could not afford to give the premium on the select hogs. Didn't he have the right to buy all the hogs at any price he liked regardless of the select hogs?

Mr. MACMILLAN: Regardless of the select hogs?

Mr. SPROULE: Yes.

Mr. MACMILLAN: Yes.

Mr. SPROULE: Why should he put up that argument? Why was the argument brought in there?

Mr. MACMILLAN: Because the hogs in the five year period—when the hog grading started you had about 60 per cent of all the hogs in Canada thick smooths, and a large percentage of the thick smooth grade was on the low edge; that is, they were what is known as lard hogs. After five years of hog grading, the thick smooth grade became improved, or we had in that grade a large percentage of hogs that were off the bacon breed; they were approaching the select bacon type and they were hardly good enough to go into the select bacon grade. They made out that the 10 per cent premium as between selects and thick smooths was not justified.

The CHAIRMAN: May I suggest to the committee before Mr. MacMillan proceeds, that we have only a limited time to hear this witness this morning, and that you should allow him to make his statement, and when we have his evidence in print at the next meeting, these questions can be asked. I would suggest that unless something comes up of great importance. I do not want to dictate to the committee.

Mr. MACMILLAN: The 1927 conference, which was the second one, was largely called at the request of the packing industry to consider the basis on which trading in hogs was to take place; and the packers at that time put up the argument that the 10 per cent premium which had been agreed upon at the outset was not then justified, and it was suggested it be decreased to 5 per cent—cut in two. That agreement was reached at the second conference, and the producers at that time asked that greater consideration be given to the matter of getting the premium back to the producer. Now, I must say that when the hog grading regulations were first initiated, it was expected that when trading in hogs became established on a quality basis, and a price was established for various grades, that that price would work through from the packer, through the commission merchant, through the drover or shipper or the cooperative organization, back to the producer of the hogs. Now, I might say that while we found that was true of the cooperative and true with certain shippers and drovers, there was a great percentage or a great number of men who were handling the

hogs and buying hogs flat from the farmers in the country. If they would get a load of hogs or a good number of selects in their load, they would sell those hogs to the packer, or through their commission firm to the packer, on a graded basis, but the graded price would not go back through to the farmer. Naturally, the farmers were interested in seeing some of that 10 per cent when it existed, and latterly when the agreement was revised following the 1927 conference—particularly at the 1927 conference—the producers representatives were insistent that the regulations be revised to make that condition workable under the hog grading regulations. Consequently, following the 1927 conference the Joint Swine Commission which was charged with the responsibility of studying the matter, recommended to the department the revision of the hog grading regulations and the inclusion of clause 11. Now, clause 11 requires that all shippers and drovers should grade their hogs at the local shipping point. That was a new venture and a new feature of the regulations. Previous to that time, the grading had been all done at the stockyards or at the abattoirs, and the farmer saw very little of the grader. The new regulations were passed shortly after the 1927 conference, requiring all shippers and drovers to grade hogs locally. The idea was that the farmer would drive his hogs into the local shipping point and would actually see the grading performed for himself. There was an exception made to that, that if the drover felt that he could not grade himself, he had the option of marking each farmer's lot of hogs so that when they went forward to the stockyard or the abattoir they would be graded by the official grader, and the information would be sent back to the farmer so that he got a definite grading. Now, it took a long while to acquaint the farmers and the drovers with the official hog grading regulations; then, after the revision took place in 1927, it took a lot of contact work—persuasion in some cases—to get the shippers and drovers acquainted with the regulations, and with what was required, and to get the drovers and shippers to know the standards for the official grades. One by one these drovers started in to grade locally, and in that way the farmers got better acquainted with the grades, and the hog improvement work continued to go forward. Since 1927 hog grading has been more generally applied throughout Canada, improvement has gone forward; and I would just like to give you briefly the statistics showing where we stand to-day. In all Canada to-day, fifty percent of our hogs are of the select bacon or bacon grades. I will give you the figures of the select and bacons for the various provinces: Alberta has 35 per cent of select bacons and bacons; Saskatchewan at the present time has around 16 per cent of select bacons and bacons; Manitoba has 35 per cent, Ontario 80 per cent, Quebec 45 per cent, the Maritime Provinces 60 to 70 per cent. Now, when hog grading started in the first place, the percentage of selects was around 12 to 15 per cent, but 60 per cent of the hogs were of the thick smooth or second grade. In the grading of hogs to-day they are divided into two classes, those that go into the bacon grade, and those again are sub-divided into bacon and select bacon, the select bacon being the first grade, and bacon being the second; all other hogs are of the non-bacon type, the first grade being known as butchers.

The CHAIRMAN: How much is taken off for that?

Mr. MACMILLAN: That varies on the different markets. Usually the price for butchers will be 35 per cent per cwt. below the price for bacon, and under the present basis of marketing, select bacon brings a dollar per head more than the bacons. The percentage of butchers varies. It runs from about 35 per cent in some of the provinces down to well, for instance, Alberta has 58 per cent butchers. In 1930, Saskatchewan had 56 per cent, Manitoba, 35 per cent, Ontario 12 per cent. Ontario has the smallest percentage of butcher hogs of any province. Quebec had 31 per cent in 1930, and the Maritime Provinces had 24 per cent. The percentage of butchers for all Canada for 1923 was 33.17

per cent; the percentage of heavy hogs has gradually decreased. In 1930 the total percentage of heavy hogs graded in all Canada was just under 2 per cent, and the percentage of extra heavy hogs is under 1 per cent.

The CHAIRMAN: The heavies would not include sows?

Mr. MACMILLAN: No. Now, we have a fair percentage of lights and feeders. That of course varies from year to year. 1930 was probably the lowest year for lights and heavies of any year we have had. The reason for that was the drop in the price of grains, and the relative steadiness of the price of hogs in relation to the price of grains. That is, the farmers found it quite profitable to put hogs up to the proper market weight. In western Canada for a while last year there were months when it was almost impossible to buy feeder hogs at all, and the percentage of feeder hogs dropped all over this country; but feeder hogs vary from year to year. In 1930 the percentage of feeder hogs for all Canada was 8.64 per cent. That was quite a low percentage. Now, at the present time, feeder hogs are gradually increasing, and I might say that for a while last winter there was a tendency in all markets for hogs to be over-finished, to be fed right up to the maximum of weight limit, and the packers found that those carcasses in many cases were too fat for the popular consumer demand of Canada.

Mr. CAYLEY: Were they waiting for the raising of the market?

Mr. MACMILLAN: They found that hogs at around eight to ten cents were quite profitable to feed, and grain was cheap; consequently they just fed them to the limit.

Mr. MULLINS: How much did they take off a hog two pounds over the heavyweights; how much did the packer take off the producer?

Mr. MACMILLAN: That varies. It depends on the market. It usually runs around three and a half a hog.

Mr. MULLINS: A three hundred pound hog has seven and a half cents per pound taken off in our markets.

Mr. MACMILLAN: It might run that high. It does not run that high in all the markets.

Mr. CAYLEY: Would it pay to over-develop these hogs?

Mr. MACMILLAN: No. It is just what this member says, on certain hogs the cut is \$7. If you get a hog over 230 pounds which is the maximum in the select bacon grades, then he goes into the heavy class, and instead of getting 12 and 14 pound hams, he would get a ham weighing around 17 and 18 pounds with a heavy covering of fat.

Mr. CAYLEY: The discount for that would be how much?

Mr. MACMILLAN: That ham is not a popular ham to sell.

Mr. CAYLEY: The grading of it?

Mr. MACMILLAN: The cut?

Mr. CAYLEY: Yes.

Mr. MACMILLAN: It varies on different markets from two and a half cents. Montreal would be considerably less.

Mr. MULLINS: Have you a list of the deductions taken off the various hogs from the producer?

Mr. MACMILLAN: I can give you the prices for the last week at Toronto. This is the week of June 4, the official market report. Quebec, the price for bacon was seven and a quarter, close at seven and a half, selects at a one dollar premium per hundred pounds, feeders made \$7.75, sows four and five dollars. It does not say anything about the cut on heavies there.

Mr. THOMPSON: While there has been a marked improvement in the class of hogs being produced, particularly in Ontario, since the grading started, yet there is great dissatisfaction with the manner in which the grading is done. The drovers have papers that they must put in at Montreal. Probably there are a dozen wagons driving up to be handled. The drover has not the time he claims to grade those hogs, but after he gets on the train he makes out his papers and he signs them and he puts them in and makes a guess at it. The grading is not being properly done, and there is a great deal of dissatisfaction. Take the light hogs. They are discriminated against. You go down to buy one of those light hogs to cut up and they are selling at a premium at the packers. If you want to buy from the packer to-day a light hog to cut up, it will cost you more money than a heavy one, and yet they are buying them at a discount.

Mr. MACMILLAN: You mean in Montreal?

Mr. THOMPSON: Yes, and right here in Ottawa. You can go down on the market to-day and buy a light hog that weighs 140 or 150, and you have to pay probably one, two or three cents more than you would have to pay for a 200 pound hog.

Mr. MACMILLAN: The regulations do not interfere in any way with the selling of those light hogs.

Mr. THOMPSON: Here is the point. The drover does not grade those hogs, and there are very few farmers to-day who are getting any returns back. I am shipping hogs all the time; I am raising them; the buyers come out and buy them at a flat rate, and the farmers are, in very few cases, getting any return back at all. I was talking to one of the largest drovers in the country. He said, "we make out our papers after we get on the train." The only man to-day who is receiving a fixed benefit from our grading regulation is the packer. It is a nuisance for the drover, and it is no benefit to the farmer, and the packer is making the profit out of it.

Mr. BLAIR: The drovers have a similar complaint to make. They maintain that the grading in Toronto is pretty much the same to-day as it was when the grading started. I see you have 80 per cent of selects?

Mr. MACMILLAN: Selects and bacons.

Mr. BLAIR: I went to the Toronto market on several occasions and all you can get there in selects will be 25 per cent, and looking back to the year the grading started the condition was the same. I would like to have your report verified in Toronto to see how that 80 per cent of select bacons was obtained.

Mr. MACMILLAN: I am speaking of the whole of Ontario.

Mr. BLAIR: The buyers in my district are very anxious that the grading will be done on the rail and that the farmers will get some return. They also say that it is much cheaper to bring the pigs up and fatten them, and not have them select.

Mr. BROWN (*Lisgar*): We do sell our hogs to the drover. The drover sells them at a certain percentage.

Mr. MULLINS: There is a case I know in Winnipeg where a buyer from Montreal ordered four cars of hogs, and they picked out the selects and sold 86 selects in Winnipeg. The buyer wired that he did not want the selects, not to ship the selects to Montreal, to sell them out in Winnipeg. They picked out 86 and sold them at a premium in Winnipeg, and the rest of the hogs went on to Montreal. When they got to Montreal the grader said, "how many selects did you have in Winnipeg?" The shipper said, "86." The grader said, "I went over them and could only find 84." He graded them again and found 84. There were 86 in Winnipeg. Maybe at the next meeting you could tell us something about that. That story is very prevalent in Winnipeg. It gives you some idea about the grading, because they found 86 in Winnipeg and they found only 84 in Montreal.

The Committee adjourned to the call of the Chair.

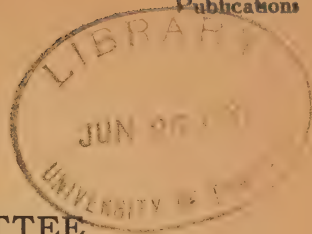


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SESSION 1931

HOUSE OF COMMONS

Government
Publications



SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

1931

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

THURSDAY, JUNE 18, 1931

Order of Reference,—Re Handling and Marketing Agricultural Products.

WITNESS:

A. A. MacMillan, Chief of Sheep and Swine Div., Dept. of Agriculture.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

THURSDAY, June 18, 1931.

The committee came to order at 11 o'clock a.m. Mr. Senn presiding.

Members present; Messrs, Barber, Blair, Bowman, Bowen, Boyes, Campbell, Cayley, Coote, Gobeil, Loucks, Lucas, Moore, Motherwell, Mullins, Myers, Perley, Pickel, Rowe, Seguin, Senn, Shaver, Simpson, Sproule, Stirling, Swanson, Thompson, Totzke, Tummon, Weir, (Melfort), Weir (Macdonald).

Mr. A. A. MacMillan, Chief of the Swine Division, Department of Agriculture, again, by request of the committee, addressed himself to the subject of hog grading and marketing.

Mr. MacMillan agreed to file certain statements.

Mr. F. E. Todd of the Canadian Packers, who attended before the committee, by request, was unable to be heard up to the time of adjournment and agreed to appear before the committee on Thursday, June 25th.

The committee adjourned sine die.

A. A. FRASER

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

THURSDAY, June 18, 1931.

The Select Standing Committee on Agriculture and Colonization met at 10 o'clock, a.m., Thursday, June 18, 1931, Mr. Senn in the Chair.

The CHAIRMAN: We will now proceed with Mr. Weir's Order of Reference on the handling and marketing of Agricultural products. Mr. MacMillan, who was in attendance at our last meeting, has not quite finished his statement. We also have Mr. Todd who represents the Canadian Packers.

Mr. MACMILLAN: Mr. Chairman, Hon. Mr. Weir and members of the committee, I will continue on from where I left off last day. I will endeavour to be very brief. I would like, briefly, to substantiate a couple of statements which I endeavoured to make before. The first is that since hog grading started there has been a continuous improvement in the quality of Canadian hogs from year to year; the second is that as the quality of Canadian hogs improved, the hog grading regulations have been revised from time to time, and those revisions have been made with the full approval of the packing industry, the producers organizations, the Federal Government and the Provincial Governments. From the questions that were asked last day I judge that there are three things uppermost in the minds of a number of members of this committee. One of the questions asked by Colonel Mullins brought into question the ability of the graders to grade on a uniform basis. The statement was made by Colonel Mullins that there were four carloads of hogs purchased at Winnipeg in which were found eighty-six select bacons which had been purchased in Winnipeg, and that the purchaser in Montreal had wired that the selects were not wanted on the market, and consequently they were sold at Winnipeg; that when the four carloads went to Montreal the buyer there said to the grader—the grader said to the buyer, “how many selects were there among those hogs at Winnipeg?”

Mr. MULLINS: I said there was a report to that effect.

Mr. MACMILLAN: A report. The buyer was said to have made the statement that in Winnipeg there were eighty-six select bacons, and the grader was said to have made the statement at Montreal that there were eighty-four. In reference to that question I would like to say that hogs are graded officially only at one stockyard; that is, if those hogs were officially graded at Winnipeg they would not again be officially graded at Montreal. Furthermore, if there were four carloads of hogs bought at Winnipeg, and if eighty-six selects were taken out of those four carloads at Winnipeg, the buyer or the man who shipped those hogs to Montreal, would have to go out on to the Winnipeg market and pick up eighty-six hogs from a number of other cars. Probably three or four cars would be involved before those loads could be completed. Eighty-six selects constitutes a full carload in itself. So that just to make that point clear I should say that at Winnipeg, in the case of hogs going on to that market through the pool or from a local drover or shipper, each separate load would be graded according to the grade as it came on to the Winnipeg market; there would be so many selects, so many bacons, so many butchers, and so many of the other grades, depending upon the quality of the load, and a separate and distinct release certificate would be issued by the grader for each lot, or part load, or truck load,

or whatever separate shipments come on to the Winnipeg market. I might say that in the case of all shipments going east—and there are some from Alberta, Saskatchewan and Manitoba, some of the local shipments are not graded at Winnipeg; they go on through; but any hogs that are graded at Winnipeg by graders, are not graded again at Montreal. I may say that the grading statistics are used as an official record in compiling the number of hogs shipped throughout Canada; they constitute the basis of the statistics of the Dominion Bureau of Statistics. Now, with regard to the point which has been raised, the man who made that statement made it with the idea of giving the impression to Colonel Mullins that it would be possible for the grading of hogs to be so absolutely uniform that it would be possible, say, to take out eighty-four selects at Winnipeg and that another grader at Montreal might find eighty-six or thereabouts, if he had not been told that the hogs had been taken out at Winnipeg. Now, I would like to inform the members of the committee that our graders receive a thorough course of training before they start out grading hogs.

Mr. MULLINS: Whereabouts?

Mr. MACMILLAN: It depends on where they are going, or the province they are going to work in. Suppose we are taking on a new man in the province of Ontario, he would receive a course of training under one of our best men at Toronto or at a packing plant located, say, at Hamilton or Peterborough, or somewhere else in the province.

Mr. MULLINS: Where do you get your hog graders?

Mr. MACMILLAN: Our hog graders? The Civil Service Commission advertises in the usual way, and applications are received. The applicants have to pass an examination in the first place. Those who qualify are appointed. Following their appointment they are located somewhere for a period of training. It takes from three to six months to train a hog grader, so that he can be put out on his own and grade correctly in accordance with the official regulations.

Mr. MULLINS: May I ask you where you get them from?

Mr. MACMILLAN: The bulk of our graders are agricultural college graduates. Some of them come from the trade. Some of them are practical hog breeders. The majority of our men have been on our staff now for eight or nine years. There are some who have been more recently appointed; but these older men have had eight or nine years experience.

Mr. TUMMON: A man put on in Toronto and trained in Toronto could be moved and would work just as efficiently at Montreal, or any other place, would he not?

Mr. MACMILLAN: Absolutely. I might say that in addition to getting the best type of men and the best trained men that we can, we have one man whose duty it is to do nothing else but visit the various hog grading centres throughout Canada and check up on the grading work being done there from time to time. You might put a man grading at Hamilton where he might be all alone, and it is possible that he might get a little bit out of true, so, we have a man to go around regularly to check up on the work of the graders.

An Hon. MEMBER: Who is that man?

Mr. MACMILLAN: William Jones.

Mr. CAYLEY: Who trained these men?

Mr. MACMILLAN: In the first place we secured the assistance of the commission men, the packers and the buyers, and the best authorities that could be obtained on hogs.

Mr. CAYLEY: They are not here in Ottawa?

Mr. MACMILLAN: No; on the stockyards. You must train these men where hogs are being handled.

Mr. SPROULE: You do not mean to say that two graders would grade alike?

Mr. MACMILLAN: Yes. We check up. I might say that these men are trained to check repeatedly.

Mr. SPROULE: You say that hogs are graded at one place, and if graded at one place they are not graded at another; but if accidentally there was a load of hogs went through and went to another point, and there was a buyer who got those for a load of selects, would you believe that?

Mr. MACMILLAN: There might possibly be an odd case. There are some hogs known as liners.

Mr. SPROULE: That is the point I am getting at.

Mr. MACMILLAN: That is a condition that occurs in the judging of live stock or the grading of live animals. Generally speaking when we check up on our graders, we usually get eight or ten of them in together. For instance we have in the Province of Ontario thirteen graders.

Mr. THOMPSON: What about grading by the drovers at the point of shipment?

Mr. MACMILLAN: If you will let me finish, you can ask your questions a little later on. Once or twice a year we get our graders together. We select perhaps two or three carloads of hogs—they do not see them at all—and these hogs are gone over very carefully, and the graders are sent out to grade them one by one, and we make a complete record. Now, we have occasions where there would be one or two hogs different. We might put ten graders on those two or three carloads of hogs and they would be within one or two hogs of being correct all the way through. Now, if we had a grader on our staff, and if hogs were graded efficiently at Winnipeg and showed eighty-six selects and the grader at Montreal graded eighty-four selects after they were taken out of Winnipeg, the man's job would not be worth ten cents the next day.

Mr. MULLINS: How does it exist now?

Mr. MACMILLAN: It does not exist. You have on the stockyards the pool sellers, the commission men and the drovers who are watching the grading of these hogs. Now, they represent the selling end of the trade, and if they think they are not getting all the selects among those hogs, you can be very certain that those sellers will raise a kick right away. On the other hand, we have the packers' buyers who are paying a premium for those hogs, and if they think that the grade is not correct and they are paying too much money for selects, they are going to kick also. Now, we have the two influences there.

Mr. MULLINS: Have they ever kicked?

Mr. MACMILLAN: We have had cases.

Mr. MULLINS: From the packers?

Mr. MACMILLAN: From the packers, from the commission man, from the pools and from the cooperatives.

Mr. PICKLE: From the farmers?

Mr. MACMILLAN: And from the farmers.

Mr. BLAIR: Last day you said that our hogs in Ontario had improved from twenty per cent up to eighty per cent. You also say in your own report, The reports from Toronto say that the selects have decreased in percentage from the first year up until this year, and this year there are less selects in the city of Montreal than there has been in Montreal during the hog grading season. Consequently, your hog grading system must have changed every year, or else your hogs must have depreciated in the type of hog produced. This statement has been given to me by the buyers, by the cooperatives in Toronto, that the graders are grading hogs on a lower percentage of selects every year. And yet your statement says that many have vastly improved; that they have been

raised from twenty per cent to as high as eighty per cent to represent the improved value of the hogs, although your graders are giving a lower number of selects every year?

Mr. MACMILLAN: At Toronto. The Toronto stockyards. The farmers there sell wherever they can find a market. In the Province of Ontario the packing industry is not centralized as it is, say, in the Province of Manitoba where you have all the packing plants at Winnipeg, or, say, in the Province of Alberta where the packing plants are located at Calgary or Edmonton. When hog grading started there were certain packing plants in the Province of Ontario that at once undertook to buy all their hogs on the graded basis, and they found when they bought a lot of select hogs and were able to turn out a quality of product that was above the average, or of a particularly good quality, that their trade increased. Now, during the last nine or ten years there have been new packing plants established in the Province of Ontario, one was opened a few weeks ago at Barrie, and I will give you instances of where packing plants in the Province of Ontario which were killing probably five or six hundred hogs a week when hog grading started, are to-day killing upwards of two thousand hogs a week, and some of those plants are turning out a product that requires that they buy a high percentage of select hogs. Now, in the Province of Ontario—if you take the province county by county—you will find that there is a great deal of high quality hogs. To give you an example of that, Brant County in 1930 had 34 per cent of select bacon hogs, 59.9 per cent of bacon hogs, and only 7.9 per cent of butchers. Now, I will give you the opposite of that. Essex County had 4.2 per cent of selects and 31.4 per cent butchers. Now, the counties in the Province of Ontario vary in regard to the percentage of select hogs they produced, and in regard to the extent to which improvement has gone forward. Naturally the packing plant that wants good hogs is not going to buy those hogs on the Toronto market—they may buy some of them there—but you will find that the majority of the local plants in the Province of Ontario are getting from 70 to 90 per cent of their kill locally, or in districts where they know they can get a good quality of hog. The counties of Essex and Kent may ship their hogs to Toronto altogether. They may ship them to Montreal or Toronto. A percentage of them go into these plants where they want the best hogs.

Mr. MULLINS: Why do the hogs pass Toronto to go to Montreal?

Mr. MACMILLAN: Because Montreal is a market.

Mr. MULLINS: Do you grade hogs officially at Montreal?

Mr. MACMILLAN: We grade hogs officially at Montreal. You must remember that Montreal has a population of one million people, and you can sell almost any quality of hog in Montreal.

Mr. TUMMON: It is a better market for butcher hogs?

Mr. MACMILLAN: There is a good market for inferior stuff.

Mr. SPROULE: Is the grading of hogs required in the city of Montreal?

Mr. MACMILLAN: Yes, all hogs are graded in Montreal officially. What does exist in Montreal is a certain percentage of hogs that are not sold on a graded basis.

Mr. SPROULE: That is what I say; there is no compulsory grading?

Mr. MACMILLAN: The grading is carried on in accordance with the regulations of the law as it now exists. There has been a request from Montreal that the grading regulations be revised and made stiffer to improve to the point where it will be required that all hogs purchased by packers or any subsequent buyers shall be bought and sold on a graded basis.

Mr. SPROULE: You mean they will be fixed on a set spread?

Mr. MACMILLAN: No. The regulations have nothing to do with set spreads. The hog grading regulations define the grades, and the sellers and buyers are left absolutely free to establish the market price of hogs from day to day and week to week. That is why, for instance, hogs from Essex and Kent may go to Montreal; because the local shippers, or the local drovers know that if they offer those hogs at Toronto and try to sell them there, Toronto will probably want to discount them one dollar per hundred over the grades. But in the case of Montreal, owing to the fact that they have one million people there, a cosmopolitan population, lumber camps adjacent, and big industrial developments around the city, you have a much wider variety of outlay. Consequently, Montreal will probably buy more of the lower grade of hogs than would Toronto. Toronto will take a certain percentage of low grade hogs which could not be put in a local plant, say, at Kitchener or Hamilton.

The CHAIRMAN: Who sets the spread between selects and thick smooths?

Mr. MACMILLAN: They have no thick smooths to-day. The spread between bacons and selects is one dollar per hog. That is an arrangement which was made between the packing industry and the producers' representatives at the second Swine Conference in 1927, that is a gentleman's agreement. There is no law covering that. The packers have agreed to maintain a fixed premium as between bacon hogs and select bacon hogs of one dollar per hog. It used to be ten per cent. Now, all the other grades are sold according to the law of supply and demand. The seller goes out in the morning and asks a certain price for his butcher hogs and bacon hogs, and the buyer goes out and offers a certain price for them. By ten o'clock they may get together, sales may start, and at three o'clock, if there is a shortage of hogs, the price established may move up twenty-five cents on all the grades, or on a certain grade.

Mr. SPROULE: It was two dollars.

Mr. MACMILLAN: No. It was ten per cent. It varied. At times the premium was as high as two dollars.

Mr. SPROULE: When the thick smooths were in quantity it was two dollars per hog.

Mr. BROWN: Ten per cent.

Mr. SPROULE: I think I could show you enough bills to prove that it was two dollars per hog.

Mr. MACMILLAN: It was ten per cent on a two hundred pound hog—say two dollars.

Mr. SPROULE: Very true. It may have been the average of the hogs that they took it at.

Mr. MACMILLAN: That depended on the price. If the price was thirteen cents a pound, the premium went higher; if the price dropped to ten cents or less than ten cents, it still remained ten per cent of the price for thick smooths.

Mr. MULLINS: How much of a deduction would be made on a hog, say, of three hundred pounds—a nice smooth hog?

Mr. MACMILLAN: Do you mean on the basis of last week's market?

Mr. MULLINS: What would a packer take off a three hundred pound, straight, smooth hog; how many dollars can he take off that hog?

Mr. MACMILLAN: He can take off according to the arrangement made between the seller and the buyer.

Mr. MULLINS: No. According to your grading, he can do certain things. How much does he take off a three hundred pound smooth hog; how much does he take off the price of the hog?

Mr. MACMILLAN: As I say, it depends upon what arrangement the buyer and seller make.

Mr. MULLINS: Oh, no, you have a specific arrangement.

Mr. MACMILLAN: Oh, no; the only specific arrangement is the premium between bacons and selects; the price of all other grades is established from day to day as between sellers and buyers on all markets.

Mr. MULLINS: They take off two and a half a hundred; that is seven and a half for a three hundred pound hog.

Mr. MACMILLAN: It varies in different markets.

Mr. BROWN: On the Winnipeg market there seems to be a general understanding among the buyers.

Mr. MACMILLAN: I will give you specific instances. This is for the week ending June 11th: "hogs, selects, plus one dollar; bacons were selling at \$7.50; butchers at \$7." This is the official price as quoted: "heavies, \$6.50; extra heavies \$3.50."

Mr. SPROULE: That is what Mr. Mullins asked—three hundred pounds, \$3.50.

Mr. MACMILLAN: I haven't worked that out on the 300 pound hog. It would bring you \$10.50.

Mr. MULLINS: No. They take two and a half a hundred for a three hundred pound hog. I have seen them taking it off. I have a Davies circular down in my desk in the Chamber which says two and a half a hundred. That is seven and a half for three hundred pound straight, smooth hog.

Mr. MACMILLAN: That is their price that was quoted?

Mr. MULLINS: The point is whether the farmer gets the best of it when he goes to sell a pretty fair hog and they take seven and a half off it.

Mr. MACMILLAN: Mr. Todd is here, and he will deal with the meat end of it. I am dealing with the hog grading regulations, and I am quoting you the official prices at Winnipeg for the week of June 11 under which extra heavy hogs, for that particular week sold for three and a half a cwt. I would like to make this point clear, that there is a lot made off the cuts for heavy and extra heavy hogs, and I pointed out last day that, for instance, in the Province of Ontario 80 per cent of the hogs go into the select bacon grades. There is less than 2 per cent in the heavy grade, and less than 2 per cent in the extra heavy grade. Certain farmers are foolish enough to finish their hogs up to three hundred pounds, probably because they have a lot of barley which they thought they could put into those hogs and get a good price, and because certain farmers do that sort of thing, they have to take a big cut. But, by and large, on the total hog run in Canada, I would say that the number of heavy hogs and extra heavy hogs is infinitesimal.

Hon. Mr. MOTHERWELL: Smaller than ever?

Mr. MACMILLAN: Yes, smaller and smaller, because the farmers are realizing that they must market their hogs within the correct bacon weight.

Hon. Mr. MOTHERWELL: They used to be nearly all three hundred and higher.

Mr. MACMILLAN: There were a lot of heavy hogs when our select grading started.

Mr. BLAIR: If hogs are going into Toronto four times as good now as they were when they started to grade, why is that we have not got more selects to-day?

Mr. MACMILLAN: There are a good many factors which work to keep the grading of hogs at Toronto from going up. One of them is the fact that the outside plants are buying the good hogs, and Toronto is not getting them.

Mr. BLAIR: The grade is getting lower, and fewer selects come in. You say that hogs were four times as good as when we started. That is your report. The Toronto stockyards are separate?

Mr. MACMILLAN: Yes. We have them separate; but let me answer your question this way. I have endeavoured to show you that the hogs in different counties vary.

Mr. BLAIR: Deal with the Toronto stockyards first. I have to answer that question at a meeting.

Mr. MACMILLAN: Here is how it works in the Province of Ontario. In 1923, on the stockyards, you had 26.9 per cent, and in the plants you had 18.4 per cent. Now, the plants have gone from 18.4 per cent in 1923 up to 25.3 per cent selects. The stockyards have remained practically stationary.

Mr. BLAIR: They have decreased.

Mr. MACMILLAN: In 1923 it was 26.9 per cent; 1924, 26.5 per cent; 1925, 27.2 per cent; 1926, 26.9 per cent; 1927, 26.9 per cent; 1928, 26.6 per cent; 1929, 27.7 per cent; 1930, 27.9 per cent.

Mr. GOBEL: Is that for the whole province?

Mr. MACMILLAN: The Toronto stockyards. The packing plants have increased their percentage of selects because they have gone out to get the hogs.

The CHAIRMAN: There is a certain percentage of them sold to the trade through the stockyards?

Mr. MACMILLAN: The stockyards sell wherever they can. If the packers at Kitchener are short, they may send them a carload. Sometimes, if there is not a good market at Toronto, they ship some carloads to Montreal to clear the market.

Mr. SPROULE: Is it not a fact that where there are the biggest run of hogs the grading is hardest?

Mr. MACMILLAN: We get the best grading on the hogs in the fall of the year.

Mr. SPROULE: That is not what I have reference to. If you had, say, twelve or fourteen hundred hogs, and the packer had two thousand hogs, there the grading would be a lot worse than if they had five hundred?

Mr. MACMILLAN: No.

Mr. SPROULE: I think I can prove that to you; I think it is a general opinion.

Mr. MACMILLAN: I know it may be a general opinion but it is not correct.

Mr. SPROULE: What I have reference to is this: the men that are supposed to know hogs and to look them over in the yards, and when they go into the plant—

Mr. MACMILLAN: I could take the hog grading statistics for three months in the fall, and I can tell you the hog grading statistics for the highest three month run for the year, and you will find that that is the time when you get your highest percentage of selects. You get the lowest percentage in the spring of the year when the eight or nine month old hogs come in from farmers who are poor feeders. They are poorly bred. A number of factors enter into the matter at that particular time. You always find the highest percentage of selects when the bulk of the hogs are being marketed by the better farmers at six or seven months old.

Mr. BOYES: Is Montreal the only point where part of the hogs are not sold on grade?

Mr. MACMILLAN: As far as I know; yes.

Mr. BOYES: The point is this: have we compulsory grading, or have we not; and what proportion are sold ungraded?

Mr. MACMILLAN: There is no law at the present time. Hog grading regulations, as they exist, do not cover the compulsory sale of hogs to the packers. At the last two meetings of the Joint Swine Committee, which represents the producers, the packers, the cooperatives and one member from the Federal Government, a recommendation was made that the hog grading regulations be revised, and a provision be added requiring that all sales of hogs would have to be made on the basis of the grade. That will take care of Montreal. In Montreal you have a lot of small butchers of varying nationalities, and a varying class of trade. They buy a lot of hogs. They are a very difficult class of people to educate, or to make proper contact with. They are, nevertheless, an excellent clientele, a buying clientele, that maintains the prices on the Montreal stockyards. They are essential for good business there; but they have been buying hogs flat. It works out in this way: the butcher who has a good trade will buy good hogs, and he probably gets quite a fair percentage of selects, and a good percentage of bacons; another one does not care at all and he gets very poor hogs—the tail enders on the market. There is one firm in the city of Montreal which, for at least two years, have sold all their hogs on a graded basis. They are handling a large percentage of the hogs going on to the Montreal stockyard, and their business is steadily growing. Now, that indicates to me at least—and I think the argument will bear investigation—that that firm is getting more dollars, more money for their drovers and their shippers than any other firm on the Montreal stockyards.

Mr. MULLINS: What firm is that?

Mr. MACMILLAN: The Canadian Cooperative Live Stock Producers Limited.

Mr. MULLINS: They are getting more money for their hogs than anyone else?

Mr. MACMILLAN: Their business is increasing. They are selling all their hogs on a graded basis, and if they were not getting the money for their hogs in competition with other men who are selling flat, in my opinion, it looks reasonable that their business would not be going ahead but rather would be decreasing.

Mr. MULLINS: It is a new type of selling; it is a new business that is coming along; it is something new that is coming into the system of selling on the stockyards, is it not?

Mr. MACMILLAN: Not necessarily.

Mr. MULLINS: It is something of late years; it has been going on just a short time?

Mr. MACMILLAN: Well, the Canadian Cooperative Live Stock Producers Limited is a new organization, but the Cooperative Federee, and the United Farmers of Ontario have been on the Montreal stockyards for years, and they have been selling hogs on grade, and some of the commission men sell their hogs on grade. Whenever they get a carload of hogs that they know they can sell better on a graded basis, they sell them graded.

Mr. MULLIN: Does Denmark do the same thing?

Mr. MACMILLAN: Denmark?

Mr. MULLINS: Do they do that for their farmers?

Mr. MACMILLAN: Denmark grades its hogs on the rail.

Mr. MULLINS: They do not grade them in the yards, and run them up and down and get them bruised.

Mr. MACMILLAN: No. They have no stockyards.

Mr. MULLINS: There is very little grading going on in Denmark, either on the rail or anywhere else.

Mr. MACMILLAN: All hogs in Denmark are graded on the rail. That is the basis of settlement to the farmer. I would like to point out here—I am glad that point has been raised—I have endeavoured to point out that as the improvement in Canadian hogs has gone forward, it has been necessary to revise the hog grading regulations, and there will be further revisions—I think, Mr. Weir, I may make that statement—further provisions will be necessary. It is natural in the course of events. There is one plant in the Province of Ontario that is making a settlement—that is this new plant at Barrie. It is making a settlement to its members on the basis of rail grading. Now, that plant operates similarly to the plant in Denmark.

Mr. BROWN: They buy their supply over a rather small range?

Mr. MACMILLAN: Yes, over a limited range. I have a report on their skill already. Our graders tell us that those hogs hung up on the rail in a beautiful condition, absolutely free from scratches, because the farmers deliver the hogs into that plant, direct from their wagons or trucks. The hogs go into their own pens and are kept separate until they go on to the killing floor. They have no chance to fight. You have all seen hogs handled by the local drover or shipper. Eight or ten farmers' hogs get together and they fight until they get to the stockyards, and into the packing plant.

Mr. MULLINS: I have a statement here of the prices. For a nice straight hog, two hundred and seventy pounds—a nice quality hog—that is a pretty fair hog?

Mr. MACMILLAN: It would be an extra heavy. I wish you would leave that question for Mr. Tood to answer. What you want is an answer as regards product.

Mr. MULLINS: You are talking about the grading. I am talking about what they are taking off the farmer. They are taking two and a half a hundred on two hundred and seventy pounds. I thought it was three hundred. That is what they are doing.

Hon. Mr. WEIR: You mean this that for purposes of argument a hog might be of the select bacon stock, only it might be overweight?

Mr. MULLINS: Yes, it might be a good quality hog. I have sold good quality hogs weighing two hundred and seventy.

Mr. MACMILLAN: That is possible.

Mr. SPROULE: How much for a light hog?

Mr. MACMILLAN: I have seen light hogs—if the market is right, there is nothing comes off.

Mr. MULLINS: They are taking a dollar off light hogs weighing one hundred and sixty and under.

Mr. MACMILLAN: If you take the market reports from week to week you will find that the cut for light hogs varies. If there is a shortage of light hogs, there may not be a cut at all. Now, there was a gentleman who asked a question about the mechanics of grading.

Mr. THOMPSON: What we are interested particularly in is getting this dollar a hog back to the producer, and grading at the stockyards.

Mr. MACMILLAN: I will endeavour to answer your question now. Probably the best way to answer that is just to take you out to a local shipping point.

Mr. THOMPSON: I am there often enough.

Mr. MACMILLAN: What is your local point?

Mr. THOMPSON: Almonte.

Mr. MACMILLAN: Well, suppose a certain shipper is handling hogs from Almonte on a Saturday afternoon. You want to know the proper procedure under the hog grading regulations. This shipper has a scale there, and there are certain stockyards for receiving the hogs. The first farmer comes along with ten hogs. The shipper weighs those hogs up for the farmer and gives the weight of each hog in the lot. He must grade those hogs according to the official graders. Some drovers grade the hogs themselves, and if that farmer had ten hogs, and the drover graded them, he might get three selects, five bacons, and two butchers, and the drover would enter those grades on the shipper's manifest. That is a form which is required by the hog grading regulations. The drover enters the farmer's name, say Smith, and his initials, the number of hogs received, ten, and the grading, three selects, five bacons, and two butchers. Then the next farmer comes along, and if the drover is following the practice of grading, he grades all the hogs. There might be ten or fifteen farmers delivering hogs that afternoon, and all the names will be entered on the manifest and the grade is entered also. The shipper signs the shipper's manifest. If those hogs go to Hull, the shipper's manifest goes to our official grader at Hull who grades the hogs officially. There might be a few hogs different. At the start, we found that some of those shippers were grading differently from the official grades, and we had to send our graders out to give them a bit of instruction, to coach them along. We frequently find that a lot of the shippers know just as much about hogs as our graders.

Mr. TUMMON: That bears out the fact that some of those men you sent out graded the hog at the starting point just as you say, and when they went into the packing house, the other official graded differently again.

Mr. MACMILLAN: Well, there have been all sorts of stories about that.

Mr. TUMMON: I know that to be the case.

Mr. MACMILLAN: I can speak very frankly before this committee with regard to our graders. I would say this that if two men are working for the department and one grader goes to grade in Montreal, and those two graders know that each is a good grader, and one fellow has to grade those hogs when they come in, they are going to be pretty careful that those hogs are graded both ways.

Mr. SPROULE: Do you see many bruises?

Mr. MACMILLAN: On the hogs? Yes.

The CHAIRMAN: Just one point to clear up as you go along. Who exercises that option at a place like Almonte; is it the farmer or the drover?

Mr. MACMILLAN: The drover.

The CHAIRMAN: The drover has the right to exercise the option as to whether he shall grade them or put a tag on them?

Mr. MACMILLAN: Yes. Our official grader will know what method he elects to operate under. If he elects to do his own grading, he must operate on that basis altogether.

The CHAIRMAN: Suppose a farmer wants a tag put on, and the drover does not want to do it?

Mr. MACMILLAN: He could report to us. The farmer could mark his own hogs and write us to say that he would like a special report on that particular load. If there is an argument between the farmer and the drover regarding grading at a local point, the drover usually says, "we cannot agree on this; we will mark these hogs and I will get an official report after they are graded." We have that sort of thing going on. But after the drover gets established and is checked up by our official grader, and we find he is grading well, there is very little difficulty, that is once he gets established on that basis.

Mr. THOMPSON: What about getting back this dollar?

Mr. MACMILLAN: I am coming to that. The cooperative organizations follow the practice of marking the hogs, and the information regarding the grade is sent back. The question is asked about getting the premium back to the farmer. I would like to say that the government is not a financial organization. The regulations were formed to permit of the free practice of purchase and sale, and the farmer, naturally, has an obligation to himself to see that the graded price gets back to him. Now, he has two methods of doing that through the drover. A lot of drovers buy hogs according to grade, and settle with the farmer on the graded price, and if he has selects he gets the premium. In other cases, the farmer sells to the co-operative, and the co-operative promises to get the graded price back to the farmer. There have been a lot of irregularities in connection with certain localities. In the Province of Manitoba I remember one case where a drover was handling hogs from a district that graded 20 to 30 per cent select bacons—a good district. One of our men happened to be a friend of the farmer, and he said to him, “why I shipped a good load of hogs a year ago and I saw my drover after the hogs went to Winnipeg, and he told me he got no selects.” This man knew that there were selects from that district. He said, “there is some mistake there;” and we check up on that drover for a number of months, and we sent that information back, and that drover had to correct his method of handling hogs.

An Hon. MEMBER: What way have you of designating the individual farmer's hogs?

Mr. MACMILLAN: When they are marked, we know them.

Mr. MULLINS: How do you mark them?

Mr. MACMILLAN: By painting, and by scissors. The only trouble with paint is that when it rains you have a little trouble.

Mr. ROWE: You said you kept a check on the drover.

Mr. MACMILLAN: For instance, a drover gives us the shippers manifest for fifteen farmers, and that manifest shows the number of hogs from each farmer and the grade.

Mr. ROWE: Are they graded over again?

Mr. MACMILLAN: When that is added up there will be so many selects, so many bacons, so many thick smooths, and so many other grades. Our official grader grades those hogs. He is not able to tell your hogs from your neighbours, but if he finds that the number of hogs in that car is within one or two of the selects out in that country, we figure that the drover is giving good service.

Mr. ROWE: That check is kept constantly?

Mr. MACMILLAN: Absolutely.

Mr. MULLINS: Can I go into the stockyard with a carload of hogs that I had fed out in my own yard and sell them in the yard without the government stepping in and saying that they have to be graded?

Mr. MACMILLAN: No.

Mr. MULLINS: Then I haven't got the freedom of the market. Can I go in and sell my car of hogs without the government stepping in and saying, “we are going to grade them”?

Mr. MACMILLAN: If you sell in the stockyards, you have that privilege.

Mr. MULLINS: If I go to the stockyards with a car of hogs, can I sell this car of hogs; can I go to the packer and say, “there is a car of hogs, will you buy them?” Can I do that without the government stepping in?

Mr. MACMILLAN: They will have to be graded.

Mr. COOTE: There is nothing to hinder the Burns Packing Plant handling a carload of hogs without being graded?

Mr. MACMILLAN: They have to be graded. If this packing plant slaughters over 3,000 hogs a week, they have to be graded.

Mr. COOTE: Can the Burns man grade them himself?

Mr. MACMILLAN: Sometimes. Our graders do a lot of work aside from this; they do a lot of promotion work. For instance, under the Federal Brood Sow Policy which came into operation this year, our graders have looked after over 1,500 sows. They do promotion work. They use in some of the plants the plant grader. The plant superintendent will grade hogs and put a mark on each lot so that when the grader returns he can check grading and ascertain whether it is correct. There is a working arrangement made, therefore, to take care of the situation.

Mr. MULLINS: The packers are buying direct, who grades those hogs?

Mr. MACMILLAN: The official grader of the Federal Department. We have an official grader at the plant.

Mr. MULLINS: At the packer's plant?

Mr. MACMILLAN: Yes. He either grades himself, or if he happens to be away he gets the checking work done—

Mr. THOMPSON: I am of the opinion that the committee ought to leave plenty of time to hear Mr. Todd, seeing he is here, and recall Mr. MacMillan another time, as he is here in the city. It is just a suggestion.

Mr. LUCAS: I would like Mr. MacMillan to explain what he means by grading on the rail.

Mr. MACMILLAN: Well, when you grade on the rail, you have an established standard for rail grading. For instance, select hogs alive will give you a definite type of carcass on the rail; a bacon hog will give you a definite type of carcass on the rail.

Mr. LUCAS: On the rail means the hog hung up?

Mr. MACMILLAN: Yes, the carcass.

Mr. LUCAS: Is that the rail in the packing plant?

Mr. MACMILLAN: Yes.

The CHAIRMAN: Now, gentlemen, a suggestion has been made that we call Mr. MacMillan again, and possibly Mr. Todd will not be available to-morrow. What is your pleasure? Should we hear Mr. Todd to-day and Mr. MacMillan on a subsequent date?

Mr. MACMILLAN: I think I can make a brief reply to the general discussion that has been going on for the last while, and I would just like to say that when the hog grading regulations went into effect first, there were a lot of cases such as had been referred to. Probably there is the occasional drover who might fill in his papers on the train going down to the stockyards. I would just like to give you an example of what did happen. One particular drover shipped a carload of hogs, and he inserted four farmers names on his shippers manifest. When the matter was brought to my attention I immediately knew that there were not four farmers who could have shipped a carload of selects, and we found upon investigation that in that particular case, the one that had the four farmers entered on the shippers manifest, the farmers were not in that district at all—

Mr. CAYLEY: What happened?

Mr. MACMILLAN: What happened? His hogs were held. He pleaded guilty, and the department could have imposed either the minimum or the maximum fine upon him. As it was, it cost him around \$250 to get his hogs released from the stockyards.

Mr. CAYLEY: What excuse did he give?

Mr. MACMILLAN: I do not think he made out the shippers manifest—

Mr. CAYLEY: What excuse did he give—was he wilfully guilty?

Mr. MACMILLAN: He pleaded guilty, and said that it would not occur again. As a matter of fact there were 13 to 15 farmers on that car. We had another case near Almonte not so many years ago where the shipper sent us in a manifest with 13 names on it, and when we sent out letters the 13 letters came back to us from the dead letter office. Naturally, our official grader went out to see that drover immediately, and he did not repeat that again. Now, with regard to Mr. Sproule. Your district, Mr. Sproule, is in Lambton county, around Oil Springs. I have been down in that particular district. The county of Lambton has 16.6 selects. Your particular district has around 8 per cent—your percentage of heavies is running around 8 per cent, whereas the average for the province of Ontario is around two. Now, we find that where the shipper has an understanding of hog grading, where he grades those hogs correctly and the farmer grades, that those farmers are invariably going out and getting good sows, and you find those districts improving their hogs. I know western Ontario has been, of course, a little backward because it is in the corn district, and when hog grading started out we had a large type of hog. Recently there was a convention in that part of the province at which 300 farmers attended and a great deal of enthusiasm was shown towards the improvement of their hogs.

An Hon. MEMBER: What is the regulation at Toronto; how many graders are there?

Mr. MACMILLAN: We have 13 graders in the province of Ontario.

An Hon. MEMBER: Where are they located?

Mr. MACMILLAN: Well, there is one at Peterboro, one at Stratford, one at Hamilton, one at Kitchener, one at London, and eight are at Toronto.

An Hon. MEMBER: One at Barrie?

Mr. MACMILLAN: Well, that is just a temporary arrangement. We have not established a permanent grader there yet.

Mr. TUMMON: Are all the hogs in Ontario officially graded by a government grader?

Mr. MACMILLAN: All, except the hogs that are delivered to small plants that are killing just 40 or 50 a week.

Mr. TUMMON: They do not come within the regulations.

Mr. MACMILLAN: They do not come within the regulations.

Mr. CAYLEY: Is there any objection to that?

Mr. MACMILLAN: Well, it is pretty hard to cover those. The cost to cover those places would be heavy, and I think you will find that gradually as hog grading becomes more permanently established, that even those local hogs not covered by the regulations will be improved in that way. I would like to say that within the last year in the province of Ontario, we have had the assistance of two additional officers in regard to the enforcement of the hog grading regulations.

Now, at the plant here at Hull I am told that 80 per cent of the hogs going into the plant are purchased on the graded basis. That is a new development. It requires a lot of checking up on the drovers. The department has not taken the attitude that we are going to get into legal proceedings, or prosecute those men only as a last resort. We have only had one court case in all the nine years the hog grading regulations have been in force. We might be criticized for being a little lenient, but we felt it was better to work gradually and consistently with these men and show them that hog grading would improve the hogs in the district, and that would mean more money. I would just like to quote you the

market quotations for Chicago as compared with Toronto two weeks ago. Our third grade hogs are selling considerably above the price of the best hogs in the United States at the present time; and then, you have on top of that the greater price for bacons and selects.

Mr. CAYLEY: Is that usually the case?

Mr. MACMILLAN: For the last eight or nine years you will find, with few exceptions, hogs have been considerably higher in Canada than the United States.

Mr. MULLINS: Is it not the case that those American hogs are a lower type than what the Canadian hogs are?

Mr. MACMILLAN: Absolutely.

Mr. MULLINS: Is it not a better bacon hog?

Mr. MACMILLAN: We are getting a better price for all our hogs because of quality; our butcher hogs, which is our third grade is on a par with the best hogs they have in the United States. Within the last five years the average hog production in Canada has been higher than in any other five year period in the history of the country.

Mr. CAYLEY: Is it not a fact that the grading process has demoralized to a certain extent the production of hogs in Canada? Is that right?

Mr. MULLINS: What is that?

Mr. CAYLEY: Demoralized?

Mr. MACMILLAN: In the last five years the average for the hog production in Canada has been higher than any other five year period in the history of the country. When barley was selling at \$1.50 a bushel, cash price, the western farmers were making more money out of shipping grain than in hog raising, at least, they were making enough money that they did not think it worth while to go into feeding hogs. Now we have a new condition in that area.

Mr. SPROULE: You said that hogs were dearer here than in the United States the last ten years. I can show you shipments of Canadian hogs—

Mr. MACMILLAN: I said with the exception in certain periods.

Mr. SPROULE: Hogs that sell dear there are hogs that you would take a dollar off here.

Mr. MACMILLAN: That may be at certain seasons of the year.

Mr. SPROULE: This is at the present time. Hogs of to-day that we call butcher hogs are selling at a better price than they are in Canada.

Mr. MACMILLAN: Most dealer hogs in the United States to-day are hogs that have been put up to suit quotations in the Buffalo market. These weights are from 160 to 220 lbs. in the United States to-day.

Mr. SPROULE: A good bacon type of hog.

Mr. MACMILLAN: A lard hog, it is true.

Mr. SPROULE: That is what I say. I know because I had a brother buying hogs in Chicago all the time.

Mr. MACMILLAN: These hogs are selling for less money than our butcher hogs.

Mr. SPROULE: I have a brother there buying hogs, and he says the hogs they take a dollar off here are good hogs there.

Mr. MACMILLAN: According to the recent quotations their hogs are selling away below ours.

Mr. COOTE: Is it not a fact that the price of bacon has been consistently cheapened to get into the Old Country?

Mr. MACMILLAN: That is not the answer; no. It has been very difficult for Canada to export.

Mr. COOTE: Why should we have to export to England if we can get a better price here?

Mr. MACMILLAN: Our own market has been our best market.

Mr. COOTE: If we can get a large production we will have to export the bulk or a large percentage of our products, and will it not bring the Canadian price down to export prices, if that is so, what good would we be doing the farmer?

Mr. MACMILLAN: That is a problem we will have to solve, at least if there is any solution for it within the next year.

Mr. COOTE: Why should we not solve that problem before we try to increase production?

Mr. MACMILLAN: Well at the present time our production is increasing in spite of anything that can be done.

Mr. COOTE: Yes, because the Department of Agriculture has been devoting its efforts to increasing it.

Mr. MACMILLAN: No, we have been devoting our efforts to improve the quality of the hog.

Mr. COOTE: To capture the English market.

Mr. MACMILLAN: Not necessarily.

Mr. MULLINS: Which is the best system under which the farmer can market his hogs?

Mr. MACMILLAN: The best system?

Mr. MULLINS: Yes.

Mr. MACMILLAN: That depends on the district.

Mr. MULLINS: The farmer wants to sell his hog, and which is the best way for him to sell it?

Mr. MACMILLAN: In western Canada I might say about 80 per cent are marketed co-operatively.

Mr. MULLINS: Is that a better system than selling right at the pen?

Mr. MACMILLAN: About 80 per cent of the farmers feel it is a satisfactory method.

Mr. MULLINS: Do you think that is the best method?

Mr. MACMILLAN: As far as I can see—

Mr. MULLINS: The farmer sells his hog right there so he can see what is going on.

Mr. TUMMON: In connection with the counties of Lambton, Prince Edward and Hastings, they are fairly heavy producing counties.

Mr. MACMILLAN: Yes.

Mr. TUMMON: Of hogs. And I would say that 80 or 90 per cent of the hogs in these counties are handled through the drovers.

Mr. MACMILLAN: Yes.

Mr. TUMMON: Can you give us the percentages in these counties?

Mr. MACMILLAN: The percentage?

Mr. TUMMON: Of select bacons and bacons?

Mr. MACMILLAN: I do not believe I have the data here. I could give it to you. I can give you the actual shipments for 1930. Yes, I can give you the hogs. I have not the percentage worked out. Lennox and Addington, is it?

Mr. TUMMON: Prince Edward; start with that.

Mr. MACMILLAN: Prince Edward in 1930 shipped a total direct to packing plants of 8,958 hogs, and 65 by trucks. 1,486 selects went direct, and 19 selects

on the trucks; 3,920 bacons went direct to the plants, and 19 on trucks; 1,352 butchers went direct and 12 on trucks; 459 heavies.

Hastings shipped 32,468 direct to packers and 579 by trucks. Of those 6,223 were selects, 145 on the trucks; 17,194 bacons, 360 bacons on trucks; 5,113 butchers, 50 by trucks; 1,202 heavies, 317 extra heavies from the county out of 32,468.

Mr. TUMMON: Then, in that county there were 6,000 select bacons and 13,000 bacons?

Mr. MACMILLAN: Yes.

Mr. TUMMON: 23,000 out of 32,000 were bacons?

Mr. MACMILLAN: Yes.

Mr. ROWE: The average was high.

Mr. MACMILLAN: There are reasonably good hogs from that county. I might say that that district has been one of the districts in which we have made a very careful check up recently to make sure that those drovers were making settlement to the farmers on the basis of grade.

Mr. CAYLEY: What about the county of Middlesex?

Mr. MACMILLAN: That county wasn't so good. 19,473. This is one of the heavy counties for trucks—14,459 by truck. In Middlesex, 4,259 selects on the direct shipments, 3,653 by truck; 10,884 bacons direct, 8,349 by trucks; butchers 2,950, 1,557 by trucks. A very small percentage of heavies, and extra heavies in Middlesex. 355 direct and 343 by trucks. That is a total of 693 heavies in the county in 1930. The total for extra heavies is 91.

The CHAIRMAN: Will it be satisfactory if Mr. MacMillan file that in the evidence?

Mr. PICKEL: Have you statistics for the Province of Quebec too?

Mr. MACMILLAN: I can give you those.

Mr. PICKEL: Will you file those too?

Mr. MACMILLAN: Yes.

Mr. MULLINS: Did I understand you to say that 80 per cent of the selects in Western Canada were marketed in co-operatives?

Mr. MACMILLAN: About that percentage.

Mr. MULLINS: 80 per cent?

Mr. MACMILLAN: Around that.

Mr. MULLINS: This is very important. It is the marketing of the farmers hogs I am interested in, and I want to get this evidence out. Here is a document that goes out to the farmers which says, "always ask yourself this question. Why does the drover want to get between you and the ultimate consumer? Is it for the purpose of helping you or for improving market conditions, or it is for the purpose of helping himself to all he can get from the proceeds of the sale of your live stock. Even if his intentions are the best, as a private individual he has no influence with governments, railroads or markets."

Mr. ROWE: Where does that come from?

Mr. MULLINS: The operative pool.

Mr. ROWE: That is advertising propaganda.

Mr. MULLINS: Mr. MacMillan says that 80 per cent has been marketed that way.

Mr. ROWE: That advertisement has nothing to do with the Dominion Government.

Mr. MULLINS: This is a statement that has got out, and 80 per cent of the hogs are marketed—

Mr. BROWN: They have a right to send that out if they like.

Hon. Mr. MOTHERWELL: These regulations, designed to get the price back to the farmer on the basis of quality, have been in force only four or five years—since 1927, have they not?

Mr. MACMILLAN: 1925. Clause 11 was first put in and revised in 1929.

Hon. Mr. MOTHERWELL: These regulations were adopted only after the most careful investigation, and a conference of all parties—just in the same way as the original conference worked out those regulations in 1921 under Dr. Tolmie—those were the original regulations—but in 1925 we had another conference to adjust these regulations in order to get the price back to the farmer. Now, you cannot upset the flat rate system of buying. You cannot correct that in five or six years. That practice has been going on through generations, and you cannot get it corrected one hundred per cent in four or five years under this new system; but the point is are we making progress?

Mr. MACMILLAN: I feel that we are.

Mr. ROWE: In answer to the hon. member for Lanark's question with reference to the farmer receiving the dollar back, Mr. Mullins has mentioned the record of the co-operatives. I think that is all over Canada. And your answer—I understood your answer to be that we ought to insure that dollar return, and that the farmer had just the same advantage and the same protection under the drover system as under the co-operative system, and that he has protection under either or under both, and that if he does not get his return, it is more or less up to the farmer himself; that the protection is no better under the co-operative system, so far as protection of grade is concerned, than it is under the drover system?

Mr. MACMILLAN: When I said that 80 per cent of the hogs are handled co-operatively in the west, a lot of those hogs are handled by drovers on a co-operative basis.

Mr. ROWE: The farmers protection is just the same under the drover system as under the co-operative system if he looks into matters and checks up.

Mr. MACMILLAN: We try to give him the same protection.

Mr. ROWE: You grade through co-operative societies?

Mr. MACMILLAN: No.

Mr. ROWE: I am in favour of shipping co-operatively, but by putting them on a co-operative basis on the market, and not through any of these particular co-operative societies.

The CHAIRMAN: Now, are you satisfied with the evidence given by Mr. MacMillan?

Mr. BLAIR: I want Mr. MacMillan to file the reasons why the percentage of selects did not improve on the market in Toronto. If they raised from 20 to 80 per cent, why did the selects not raise a little bit? He can file that. We think that the abattoirs got them.

Hon. Mr. WEIR: Did you say in the beginning of your talk that there was an organization called the Canadian Co-operative Live Stock Organization in Montreal that was getting better prices for the bacon which was being handled through them than through other organizations?

Mr. MACMILLAN: The statement I intended to make—I do not know whether I made it clear or not—was that the Canadian Co-operative Live Stock Producers Limited of Montreal have been steadily increasing their business; that all their hogs have been sold on a graded basis; and that apparently the shippers and drovers who have been sending their stock to them must have got as good a price, or a better price than their opposition paid on the market, or else their business would not continue to grow and develop as it has been doing.

Mr. BROWN: That is your inference from known facts?

Mr. MACMILLAN: Yes.

Hon. Mr. WEIR: What about other businesses?

Mr. MACMILLAN: Other businesses are going down. Quite a number of men have found it necessary to go out of business.

Hon. Mr. WEIR: You do not know of any business in the country which is not making use of the grading regulations which has increased its business?

Mr. MACMILLAN: No.

Hon. Mr. MOTHERWELL: And you do not know why any other business has not adopted the same policy?

Mr. MACMILLAN: I am satisfied that if the commission men in the country would adopt the policy of selling their hogs on the basis of grading in Montreal, it would be one of the best things they could do to improve their business.

Hon. Mr. MOTHERWELL: They are a little bit slow to adopt the grading system in Montreal?

Mr. MACMILLAN: They are opposed to it.

Mr. MULLINS: Who were in the business first, the commission men or this new organization?

Mr. MACMILLAN: A lot of the commission men have been in business many years.

Mr. MULLINS: They have been a little slow in adopting the new method of this co-operative society?

Mr. MACMILLAN: They do not like it. I will not say that they have never sold hogs on grade, but they are opposed to adopting the principle of selling their hogs on a graded basis, and the result is that the districts from which they are getting hogs have not the same impetus to improve their hogs. If you pay a farmer for quality, he will go out and buy better sows with the idea of producing bacon and selling the hogs, and those districts are gradually getting smaller and smaller, and that, in turn, is having its effect upon the supply of hogs that these commission men are getting.

Mr. MULLINS: Those commission men know their business as well as the co-operative society?

Mr. MACMILLAN: I am not saying they are not good salesmen. They are probably as good salesmen—probably better salesmen than the co-operative, but they are endeavouring to sell hogs which may be selects at the same price as selects which may be butchers and that thing is working against them.

Mr. MULLINS: They are shrewd business men to my knowledge, and are getting business results on the market.

Mr. MACMILLAN: I think if they were to adopt the principle of selling hogs on grade they would probably beat out the co-operative.

Mr. SPROULE: We have imported a lot of lard in this country from the United States.

Mr. BOYES: There is one question I would like to ask. I believe you said that the City of Montreal is not compelled to adopt the grading system. Why is that the case? Or why are other cities compelled by this Dominion to adopt the grading system while the City of Montreal and, perhaps, other cities are not?

Mr. MACMILLAN: The stockyards at Montreal and the packing plants at Montreal conform to the hog grading regulations just as in Toronto, the only difference is that the packing plants at Toronto and the stockyards at Toronto and elsewhere throughout Canada have seen fit to establish trading in hogs on the basis of a graded price. At Montreal they have not reached that point.

Mr. BOYES: It is not compulsory?

Mr. MACMILLAN: No, it is not compulsory under the regulations.

Mr. MULLINS: Are there any big packing plants in Montreal?

Mr. MACMILLAN: Yes.

Mr. MULLINS: Or branches?

Mr. MACMILLAN: Branches.

Mr. WEIR (Macdonald): A good many of the commission companies are interested more or less directly or indirectly with small butcher concerns that were mentioned. I think, perhaps, that has an influence on the situation. It seems to me we are getting away from what is in our mind in connection with the whole policy of hog grading. It was established in the beginning to improve the quality of hogs in the country, and when we come to consider whether or not we are getting more for hogs generally under the grading system, or under the old system, I do not know that we are working in a direct line. As I understand hog grading, at the beginning it was put forward with the idea that a certain basis would be established for a price level for hogs, and even that a premium would be paid for certain types of higher quality that would be suitable for export. Conditions have changed. The placing of these hogs in a higher class has brought about an increase in consumption, and we have less for the export market. That is because of an increased demand for a particular type of hog. Now, just whether we are getting more money for hogs under the grading system or under the old system, I do not know. If conditions were thrown back on the old system of marketing hogs, what price would you get for the heavies? I think that is what we should have in mind. There has been the question of the fixing of spread as between grades, and I think you have cleared that up to-day. Now, I was under the impression that those spreads were fixed by regulation; but I understood you to say this morning that competition made those spreads, and if that is the case I do not see that there can be very much objection taken to the prices paid for the farmers hogs. It is a buyer and seller proposition so far as that is concerned if that is not fixed by regulation. To me it would seem that at certain seasons of the year, if necessary, there would be no reason why the heavy hog could not sell per pound for, say, equal to a butcher hog if a certain class of people wanted a heavy hog.

Mr. MACMILLAN: If you can find somebody who wants to buy them and pay that price for them.

Mr. WEIR (Macdonald): There was one other point which comes in here. Take, for instance, a drover who comes into my yard to buy my hogs. Can I not sell him those hogs on a flat rate?

Mr. MACMILLAN: You are not supposed to as the regulations exist at the present time.

Mr. WEIR (Macdonald): It is a deal between him and me. He buys my hogs, and he has to take the responsibility for the grading of those hogs from there on. I leave it to him to make the sale.

Mr. SPOULE: Did you say that he could not go into his yard and buy his hogs on a flat rate?

Mr. MACMILLAN: He is supposed to buy the hogs on a graded basis.

Mr. SPOULE: You said a moment ago that if a packing house called up and made a trade—

Mr. MACMILLAN: I had the idea that Mr. Weir was referring to a drover who is recognized as a regular shipper to a recognized stockyard.

Mr. SPOULE: I do not know what he meant but what I took out of his statement was this: suppose he drove in with his truck and bought his hogs, is there anything to stop him buying the hogs?

Mr. MACMILLAN: It depends on who he is.

Mr. SPROULE: Suppose he was anybody. Can he not sell his hogs in his own place?

Mr. MACMILLAN: Not under the regular grade regulations.

Mr. SPROULE: Then it is time he could. If he cannot do that, he is not boss at all.

Mr. BOYES: We do hear the answer occasionally that it is compulsory to grade those hogs when they enter the packer's yard. Now, I do not know where that applies. Does it apply to the City of Toronto, or Winnipeg, or does it apply to the City of Montreal as well? If it is compulsory in one place, according to this law, it must be compulsory in another place. Is it voluntary in certain cities? If the City of Toronto says that it will grade and the City of Montreal says it will not, it is not a compulsory law; it is merely a city or voluntary law. Please explain that?

Mr. MACMILLAN: The hog grading regulations are applied at all stock-yards, and at all abattoirs in the case of abattoirs slaughtering three thousand hogs or over in a year.

Mr. BOYES: All over the Dominion?

Mr. MACMILLAN: Why does Montreal sell flat? Why do the firms in Montreal sell cars of hogs flat?

Mr. MACMILLAN: Because the question of selling to the packer is not covered as yet in the hog grading regulations and there is no law at Toronto or Winnipeg or Calgary or Edmonton that will compel the packer to buy hogs on a graded basis; but at all these points, with the exception of Montreal, the purchase of hogs and the sale of hogs is done on a graded basis; they have adopted that policy of grading. Montreal has adopted it in part, and is gradually adopting it more and more all the time.

Mr. MULLINS: You compel Toronto.

Mr. MACMILLAN: We do not compel; there is no such thing as compulsion.

Mr. SPROULE: There is no compulsory law up to the present time?

Mr. MACMILLAN: No compulsory law that compels a packer to pay a graded price for hogs.

Mr. BOYES: In any place excepting Montreal?

Mr. MACMILLAN: In any place.

Mr. HANSON (*Skeena*): It compels the farmer to sell those hogs on grade, but it does not compel the packer to buy on grade.

Mr. MACMILLAN: Yes, that is a point which the Joint Swine Committee recommended should be taken care of by a further provision in the hog grading regulations, so that packers would be compelled to buy hogs on grade the same as anybody else; all sellers and all buyers should have to do business on a grading basis.

Mr. BROWN: I suggest that the department furnish each member of this committee with a copy of the hog grading regulations, and I will make a motion to that effect.

The Committee adjourned to meet Friday, June 19, at 11 o'clock.

SESSION 1931

HOUSE OF COMMONS

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

1931

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

THURSDAY, JUNE 25, 1931

Order of Reference,—Re Handling and Marketing Agricultural Products.

WITNESS:

S. E. Todd, Secretary of the Industrial and Development Council of Canadian Meat Packers.

Documents filed by A. A. MacMillan:

Ontario Hog Marketings, by Counties, 1930.

Reasons why the Percentage of Select Bacon Hogs did not Increase on the Market at Toronto.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

THURSDAY, June 25, 1931.

The committee came to order at 11 o'clock, a.m., Mr. Senn presiding.

Members present: Messrs. Blair, Brown, Carmichael, Cayley, Coote, Donnelly, Loucks, Lucas, McGillis, McKenzie, McMillan, Moore, Motherwell, Mullins, Myers, Perley, Pickel, Senn, Simpson, Spotton, Sproule, Stirling, Swans-ton, Weir (*Melfort*).

The committee again took under consideration the subject-matter of the Order in Reference, *re* the Handling and Marketing of Agricultural Products.

Mr. S. E. Todd, Secretary of the Industrial and Development Council of Canadian Meat Packers, attended and addressed the committee. Questions were asked by several members of the committee. The witness was then discharged.

The question as to the calling of further witnesses was discussed when it was agreed that the Chairman or the Clerk should, if possible, get in touch with Mr. A. J. MacPhail of Winnipeg, presently in Ottawa, and secure his attendance.

The committee agreed that the Chairman, upon the recommendation of the sub-committee on witnesses, or if no such recommendation made, then upon his own authority, should arrange for witnesses for the next meeting.

The committee adjourned at the call of the chair.

A. A. FRASER,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

THURSDAY, June 25, 1931.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., Thursday, June 25, 1931, Mr. Senn in the Chair.

Order of Reference re Handling and Marketing of Agricultural Products.

The CHAIRMAN: I may say for the information of the committee that in accordance with the requirements of the Committee, Mr. MacMillan has filed a statement regarding Ontario hog marketings for 1930, and a statement of the reasons why the percentage of select bacon hogs did not increase on the Toronto market. These statements will appear in the next issue of our report.

Copies of the Hog Grading Regulations have been furnished to members through the Post Office, and I suppose you have received them: at least I have received mine.

Discussion followed regarding the calling of witnesses.

The CHAIRMAN: Now, we have with us this morning, Mr. Todd, Secretary of the Industrial and Development Council of Canadian Meat Packers.

Mr. S. E. Todd called.

Mr. Todd: Mr. Chairman, Hon. Mr. Weir, Hon. members, it is always a pleasure to have an opportunity to discuss with men who are interested in the improvement of live stock, any phase of it from the standpoint of the interest which the packers have in that question.

I am instructed that you wish to discuss to-day the improvement in hogs and the particular methods that have been adopted to deal with them; that is, perhaps, more in the line of hog grading than the other method. From the packers' standpoint this question of the improvement of hogs dates back many years. Long before the war certain parts of Canada had very good hogs. That had been the result of intensive campaigns to that end. For some years before the war the conditions that had been built up had been considerably disturbed owing to a big influx of immigrants, some from the United States, and some from parts of Europe where nothing was known about the particular type of hog that we had been attempting to produce in Canada, and which had been found most useful; and the result was that long before the war there was a considerable deterioration in the quality of hogs. That was accentuated under the conditions of the war, and when after the war, we had to go back into the British market with considerable quantities of bacon, we found that we were taking a discount below the better qualities of bacon that were on that market—particularly the Danish bacon—of from 20 shillings to an extreme of 30 shillings per hundred-weight of 112 pounds. It was evident that something had to be done about this, and Dr. Tolmie who was then Minister of Agriculture, after giving considerable thought to this matter, in 1921, called a conference of everyone who was interested in the getting of the most possible money out of Canadian hogs. Out of that conference grew a number of methods for the improvement of hogs. One

was an intensified educational campaign, and another was a system of grading which would compensate hogs according to their worth. When the packers came to this conference at Ottawa they were immediately faced with the question of why there was not a greater difference paid as between various grades of hogs.

But as that question was analyzed it was found that the reason was that hogs were handled en masse rather than as individual animals, and a carload of hogs was a unit of hogs, and that was particularly true at that time because the trucking system had not been developed to the extent it has now.

Hon. Mr. MOTHERWELL: In other words, hogs were just hogs.

Mr. TODD: Yes. Now, there was some difference paid as between a carload of good hogs and a carload of hogs that were not so good; but it was pointed out to us that that would not do because a carload of hogs consisted maybe of ten or fifteen farmers hogs, or maybe twenty farmers hogs, and in these carloads would be hogs that were well bred and well fed coming from one farmer, and hogs that were badly bred and perhaps badly fed coming from another man, and while, perhaps, the average of one load might be worth more than the average of another load, there was no method of getting back to this fellow who was doing his job well more money for his particular hogs than there was for the fellow who was not doing his job well.

Now, it was recognized that it was not the easiest thing to devise a method which would accomplish that purpose. But this fact was grasped by the keener of the men who were in the packing business: that it did not matter to the packer whether he bought his hogs graded or whether he bought them flat—that one hundred thousand hogs or one million hogs would cost the same amount of money provided the quality was the same. So, the packer said, “now, if some method can be devised by which this money that we pay for hogs can be divided up so that the man who is doing his job well shall get more money than the man who is not doing his job well, then we will certainly be behind that kind of proposition.” There was finally an agreement made so that three or four parties would join together and try to accomplish a certain purpose, and each one would take part in the responsibility to that end. There was the producer who would try to grade his hogs according to the standard that was laid down, which was the basis that should be arrived at for the purpose of dividing the various classes of hogs according to the demand there was for their products. Then there was the packer who would buy these hogs on that basis. Then there had to be some one in between the two who would determine how and when this hog or that hog or the other hog came up to the standard. It was agreed that this man should be largely the producer's representative, but it was recognized, of course, that unless the work of the man who determined whether this hog belonged to one class and another hog belonged to another class—if his work was not nearly accurate it would reflect to the buyers, and it would also be reflected in the end to the producer because it would be a false standard. So, these standards that you know as Hog Grading Regulations were set up, and the Department of Agriculture of the Dominion Government was asked to assume the responsibility of making that determination as to what hogs should go into these various grades. You will understand that when these grades were set up they were the best that were known at the time. I think I heard someone say, “who set them?” They were set by the meeting of the producers, the packers and the Department of Agriculture. They were determined as being the very best that could be thought of at the time.

Hon. Mr. MOTHERWELL: That was 1921, at the original convention.

Mr. TODD: These regulations came into effect in 1922, and have been carried on by Ministers of Agriculture from that time forward. They have developed a great deal. These regulations have been changed a little from

time to time as it was found that it was necessary in order to bring them to the greatest state of perfection. Undoubtedly, the object here was to set up a set of standards that would represent the worth of the hogs in the markets as nearly as it was possible so to do; and I think it is essential that we should grasp the fact that it does not make any difference to the packing industry whether they buy their hogs flat or graded, so far as the cost of a particular number of thousands of hogs is concerned, and that the objective of the grading is to take the money that is paid and divide it up according to the worth of the hogs as they go on the market, and according to their usefulness for the trade. In the course of a few years it was found that the quality of our hogs had become so much better that the margin as between our competitors and ourselves in the British market was down to about four shillings for 112 pounds, and since that it has been under that. Thus, the packers were able to pick out of the mass of hogs in Canada a considerable percentage of the total that had been improved to the place where they compared very favourably indeed with the quality of hog that came from other countries. That, perhaps, is the real test of whether the methods that had been adopted for the improvement of hogs were sound, and whether they were sincere.

Now, as this country developed after the war, we had our industrial boom year, an increase of immigration and a general activity in business, and this was very marked on the American side of the line as well as on this side, and North America began to assume a position as a consumer of pork products, in relation to its production, which had not been assumed before. That is, North America began to consume nearly all the pork products that they were producing. The result was that Canada began to recede from the British market. Probably it would have paid us very well to have stayed in the British market, and to have increased our production to that end, but there was the relative price of grain, and perhaps a local factor in the cost of distribution of grain in this country as compared with some other countries, that affected the situation to a very considerable extent.

The CHAIRMAN: Freight rates?

Mr. TODD: Freight rates, local freight rates. And in consequence of that we did not greatly increase our production of hogs, but we did very much better the quality of hogs. Now, that increase, or that change in the character of our hogs, was just as important from the domestic standpoint as it was from the export standpoint—every bit as important. The reason for that was that there was being developed in the world a vegetable oil business, and oils extracted from other animal sources such as whales, that had changed the whole face of hog production, and that appeared to be a permanent factor. So much so that if you look over the history of hog improvement work during the past ten or eleven years in any country of the world—I do not care what country it is—you will find that they have been looking very strongly to developing types of hogs which we have been developing in this country known as the bacon type. The United States packers have been in continuous trouble. The United States hog industry has been in continuous trouble over the excess fat that is produced by their hogs, and they have for a number of years been having to take a disastrous price for lard as compared with other products of the hog. Canada has, on the other hand, been in a different position; our hogs on the whole have been improving. They will stand a little further improvement still, but they have not had the excessive fat to get rid of in this country that they have in the United States. Canada has, in consequence of that, been able to sell her pork products when confined to the domestic market, or when going overseas, and, again, sometimes when invading the American market. She has been able to sell her hogs and her hog products at a continuous premium over other products, and the price of hogs in Canada, as you were told the other day, and I

think it is common knowledge in this country, has been at a good margin over and above the hogs from the United States in nearly every year. This hog grading, of course, was a new thing in this country, and it took everybody—packers, producers, handlers, a very considerable time to understand what it meant. There was a good deal of misgiving on the part of some packers at the beginning. There was some unwillingness to cooperate at the beginning—not because anyone was not ready to do what they thought was right, but there were honest differences of opinion. To-day I think that the packing industry as a whole understands and realizes that the objective that was set for making a difference in a price according to the commercial values of the hogs in such a way that that difference would be available to the man who produced the hog, was sound and is sound, and for that reason they are, perhaps, more unanimous to-day on that subject than they have ever been before. As grading developed, it began to have its effects in certain districts and in certain parts of the country. I said that the cost of hogs to a packer would not be any different whether they were bought flat or graded. You understand what I meant by that; I meant one hundred thousand hogs or one million hogs. Now, when we come to divide that money among districts, we find that those districts that produced a big percentage of the kinds of hogs that were in demand had a better market and a keener market than a district that produced the bulk of their hogs of a kind that were not so much in demand; and as a result of that there has been misunderstanding, perhaps, as to how the regulations have worked, and just what they have been doing. Then too, another thing is this: when you take a product like hogs and set a standard for it, you cannot divide those hogs up into groups according to the standards and thus practically standardize your product. There was not the same opportunity, perhaps, for salesmanship. A packer could nearly as well buy his hogs in his office as he could out in the yards or at the pens, because if he paid so much for standard grade bacons and there was to be a certain percentage added for the selects and a certain amount taken off for the off grade, he was buying a standardized product; and that has, I think, had some effect on the minds of some men who have been engaged in the trade. After all, we get back to this, do we not? What has been the effect of the grading on the quality of the hogs in Canada, and how to-day after eight or nine years of grading does the quality of hogs in Canada compare with the quality of hogs in other countries in relation to the demand for pork products? The answer is the relative prices which we get for our product when it goes into the markets of the world—the home market, the British market or the United States market. Of course, we are not now able to ship anything into the United States market because of tariffs etc.—but at one time we were developing a nice little trade for premium products in the United States because of the quality of our hogs. Now, I do not know whether I should go on with any further address or leave it to the members to ask questions.

The CHAIRMAN: I think you should give us whatever information you have.

Mr. PICKEL: Do you buy ungraded hogs at all now?

Mr. TODD: Yes. You will understand that there are two or three parties—two parties at least to an agreement—the man who sells and the man who buys—and when a man insists on selling his hogs flat and we cannot succeed in buying them graded, they are bought flat.

Mr. MULLINS: Is that not breaking the law?

Mr. TODD: No.

Mr. MULLINS: Does the Act not state that he is compelled to buy his hogs graded?

Mr. MULLINS: That statement was made by Mr. MacMillan.

Mr. TODD: The Act states that he must have his hogs graded. Now, let us get this point clear. There are three persons engaged in the hog grading business. One is the man who is selling the hogs, one is the man buying the hogs, and the third is the man grading the hogs. Now, the man who is grading the hogs represents the Department of Agriculture. The Department has nothing to do with the purchase and sale. The business of the department is to grade all hogs according to the regulations, and the matter of purchasing and selling is left between the seller and the purchaser, so that the hogs are graded, but all hogs are not purchased and sold on grade.

Mr. PICKEL: Where is this grading done in the province of Quebec?

Mr. TODD: The grading in the Province of Quebec is done in the Montreal stockyards and the packing plants at Montreal.

Mr. PICKEL: I took occasion to interview four different buyers on Saturday last and none of them buys by grade, and none sells by grade. One of them, since 1922, has had three selects. They forget them entirely, and the trouble is this: ostensibly that grading Act was put into force to benefit everybody—the producer as well as the packer—but it has resulted in a detriment to the producer in our section of the country in the Eastern Townships. They buy ungraded and they sell ungraded.

Mr. TODD: It does not affect the situation one way or the other—

Mr. PICKEL: No?

Mr. TODD: —because they have not taken advantage of the possibilities that were open to them.

Mr. PICKEL: What the farmer objects to—the farmer is the man we are considering and I am considering—is this: is the farmer getting all out of his hogs that he should? The packer is looking out for himself. This regulation, we will say on the face of it, and to the unbiased man would appear to be in favour of the packer and the consumer, but it does not seem to affect the farmer very much. Now, what the farmers object to in the Eastern Townships is this: the grading should be done there.

Mr. TODD: At the country point?

Mr. PICKEL: At the buying point. That could be arranged, and I think the Department of Agriculture should make that arrangement. I am rather inclined to think on the whole that hog grading if carried out as it should be would be of benefit to the farmer, but at the present time the farmers cannot take advantage of it, if there is any advantage to it. If the grader were sent down into the Eastern Townships—a couple of graders, they could cover the whole country; they could go one day to a certain point and the next day to another point, and so on, and the grading would be done right there, but at the present time they take no stock in the grading at all.

Mr. TODD: Of course, Montreal has always been a rather extraordinary market.

Mr. PICKEL: Excuse me one moment. To explain a little further. The farmer objects to this: what he has in his mind is that he is sending his pork to the city of Montreal and it is there graded to suit the packer, and the farmer has nothing to say about it—just like the egg grading business and the butter grading business and any of these grading Acts that have been enacted. It redounds to his disadvantage.

Mr. TODD: That is the farmer's idea?

Mr. PICKEL: Yes.

Mr. TODD: Yes, I think, especially with those who have not had experience in that regard, that that is true; but where a good deal of experience has been gained in it I think that is no longer shown up.

Mr. PICKEL: It is not practiced in our section of the country, and if it could be shown up to the farmers—if the department could have that grading done there, and if the farmers were shown the method of grading, and saw it carried out in that way, I think they would look at it differently.

Mr. MULLINS: Mr. Todd, may I ask this question: from your experience, who should be the judges as to whether this is to the advantage of the producer or against him; should it not be the man who is handling the producer's commodities?

Mr. TODD: Well, I don't know that it should.

Mr. PICKEL: Of the four buyers I spoke to yesterday, they said it was against the interests of the farmer.

Mr. MULLINS: I may say this to you that nearly all the leading commission men who are doing a commission business and who are experienced in the business for the last forty years to my knowledge, say that it is the most damnable and iniquitous system that was ever put in, as against the producer of hogs. I want to say this, that nearly every one of them is afraid to go out in the open market; they do not like to do it. They say that if they have a bunch of hogs in there, they will sit on them. I have been in the yards for fifty years, and I know they will sit on that man, and the poor fellow is afraid of his hogs, and what is he going to do? He wants the grading of hogs removed.

Hon. Mr. WEIR: Who, the commission men?

Mr. MULLINS: The men doing business in the yards. I do not care whether it is the co-operative or not. The co-operative man will say, "do something," but they will not come out. They will come here, but they are just a little bit afraid of being sat upon. Now, with all due respect to my packer friends—and I have many of them in the business—I am going to make this statement and put it on record: representing an agricultural constituency as I do, this system is as unpopular as a skunk in a creamery in the constituency of Marquette. The farmer will say to you, "get rid of it; we know what to raise." The farmer has been taught, and he knows very well what type of hog to raise without anybody setting any standard—other than sending him some literature which will give him some ideas and will help him out—but he has been taught, and he knows what a bacon hog is just as well as the packer does, and he is going to raise the product that is wanted for the market. But to give a man a dollar on a premium hog and take away from a good straight hog seven and a half dollars is absolutely unfair. And then there is the other system of grading a nice butcher hog which is a few pounds below the weight of a select. You take a dollar off that one, and the grading all the way down is against the farmer. He is not getting the best of it. He is the producer, and he certainly has to take the worst of it. The men who are selling this stuff which is consigned—whether it is a co-operative or not—I am not talking against co-operative shipments, they will tell you the same thing, that it is absolutely against the interests of the producer. If it is against the interests of the producer, now that the farmer has been taught what a bacon hog is, it should be taken away by the Department of Agriculture.

The CHAIRMAN: Mr. Todd is here as a witness, and we want to get his evidence as far as possible. I would suggest to the members that any remarks they have to make should be as brief as possible, and a question should be based on them.

Mr. BLAIR: May I ask Mr. Todd a question. There was a commission appointed to go to the Old Land with the chief object I suppose of securing the English market. That commission brought back a report that the Danish hog was superior to any hog that was sent to Europe; second to that was the large Irish white hog; and third came our English York. Now, if there were

any advantage in having a change of hog in this country, I would like to know it. The next thing is this: you compare our hogs with the American hogs. Will the flesh of the northern hog always command a superior price over the southern, just as the fish of the northern lakes are edible while those in the southern lakes are not? Would there be any difference as to the livers, and are our hogs less inclined to diseases?

Mr. TODD: With regard to the commission that was sent to the Old Country, you are quite right. Their hogs have all been improved by the large English Yorkshire breed.

Mr. TOTZKE: What year was that commission sent over?

Hon. Mr. MOTHERWELL: It must have been fifteen or twenty years ago.

Mr. TODD: As far as this commission is concerned so far as I know, I think you are referring, are you not, to the findings of the Imperial Economic Committee?

Mr. BLAIR: Yes.

Mr. TODD: I do not know whether there was any commission sent over from here. There was a commission as you say, Mr. Motherwell, fifteen or twenty years ago. But of all the hogs that have been named as being of the highest quality of hogs, the large English Yorkshire has been very heavily used in the improvement of those hogs to bring them up to standard. Now, that is the quality and kind of hog that we have been advocating and breeding in this country. They call them by different names in different countries. Years ago the large white hog—that is what they call them in the Old Country—was imported into this country. William Davies, who was the prominent packer at that time, was instrumental in having this work started. He pointed out that the large English Yorkshire, while having many excellent qualities which were required, also had some faults. It was, perhaps, a little heavy in the bone, and a little slow in maturity. When I say slow in maturity, I do not mean that it was slow in growing qualities, but it grew and grew. They were imported into this country, and a number of crosses were made, but outside of the work which was done by the Department of Agriculture, perhaps there is one man in Canada to whom a tremendous debt of gratitude is due for the modification of the Yorkshire, of the English white, to the very fine quality of hog which that hog is to-day, and that is Mr. Joseph Brethour.

Mr. MULLINS: What about Joe Featherstone?

Mr. TODD: I say more than anyone else. Joe Featherstone did his work, but Brethour is still doing it. Now, a very considerable change in the character of the large Yorkshire, the large white, has been made during the past few years, and our Yorkshire to-day is a very suitable hog; and perhaps the best of our hogs will compare very favourably with the best of the Danish hogs and the best of the Irish hogs. That is what has been done in this country. In other words each country has modified its hogs toward the same type and standard.

Mr. MOORE: What is the system of grading in Denmark?

Mr. TODD: The Danish system is on the rail after the hog is killed. They have a standard for what they call their standard grade, when you represent it in live hog weight of from 175 pounds to 210 pounds, alive. Their premium hog is from 185 to 200 pounds alive. Anything over 200 pounds alive must take a discount in Denmark. They have two discounts; hogs from 200 to 210 and hogs from 210 to 230 pounds. They do not recognize a hog, apparently, after it gets to 230 pounds at all because it is just an outlaw after it gets to that weight. Hogs that are under 175 pounds in Denmark are again discounted. They are discounted on two bases—so far as the grades—the standard grades—the premiums and the discounts—are concerned. In this country, we certainly

give as favourable treatment or more favourable treatment than there is in Denmark—perhaps a little too favourable treatment. But we have a little different condition to deal with. The Danish market is a very narrow market. What I mean by that is that it is for a narrow product—it is the Wiltshire side—and 95 per cent of their hogs go into that product.

Mr. ROWE: Do you mean that 95 per cent of all their hogs equal that grade?

Mr. TODD: They go into the Wiltshire side, and into the same quality of Wiltshire side. The term "Wiltshire side" is one that is often misunderstood. The term "Wiltshire side" simply means a method of cutting, and it does not mean more than that. A hog may have six inches of fat on its back, and if it is cut in a certain way it may be a Wiltshire, or it may be of the finest quality and still be a Wiltshire. A Wiltshire side is the half of a hog with the head and feet cut off, and the backbone taken out. It is then pickled and sent across to the Old Country unsmoked and is sold in the Old Country and is smoked there by bacon curers and then sold to the trade.

Mr. MACMILLAN: Are the bacon curers in the Old Country attached at all to the packers in this country?

Mr. TODD: No, they are independent.

Mr. ROWE: With regard to the production of Danish hogs, is there not a greater percentage of a higher grade than among Canadian hogs? You say that the best of our hogs are as good as the best of Danish hogs; but is not their percentage of higher grade hogs greater than our percentage of high grade hogs at the present time?

Mr. TODD: Oh, yes. If we were shipping our whole hog production to the British market, as they are, we certainly would not be able to get the price that the Danes are able to get.

Mr. ROWE: Despite the premiums that have been given on hogs?

Mr. TODD: Not only the premiums, but despite the discounts. I want to tell you that the discounts are as important as the premiums from the standpoint of the quality of our product.

Mr. ROWE: In other words, if our production increased in Canada on an export basis, it would be very necessary to have a great deal higher grade than we have generally?

Mr. TODD: I might say in answer to that, Mr. Rowe that our people come to me and say, "look, what are you going to do about this situation? It looks as if we were losing on the export market; the farmers have been overfeeding their hogs because of cheap grain to an extent that if you had to supply the British market with this product, we would have to export our poorer class of product, because the domestic market would take up every pound of our good product."

Mr. MACMILLAN: At a higher price than the Old Country pays?

Mr. TODD: Undoubtedly. Although, when we strike the export market our level of price must hit the export level as a whole.

Mr. COOTE: Can you tell us what percentage of our pork products we are exporting?

Mr. TODD: Somewhere around 5 or 6 per cent.

Mr. SPROULE: What would our hogs have to be bought at here to export them?

Mr. TODD: At the present moment?

Mr. SPROULE: Yes.

Mr. TODD: At the present moment things are in a desperate condition. The export market is an interesting one just now as showing what would happen us if we did not have some pretty good bacon to ship over there, and if we were forced on to that market. For the week of June 13 the prices for British bacon were: Danish 48 to 55 shillings; Swedish 42 to 47 shillings; Dutch 34 to 46 shillings; Baltic 30 to 38 shillings. You will notice a difference there in price as between the lower qualities of bacon going on the British market, running from 30 shillings per cwt. to 55 shillings per cwt., a difference of 25 shillings per cwt. Now, if we were back in the position that we were in in 1920—by the way, let me make this remark: Mr. J. S. McLean said to me the other day, "you know that Baltic bacon is about the quality of hogs that we had back in 1918, 1919 and 1920."

Mr. ROWE: Probably about the quality of a big percentage we have at the present time.

Mr. TODD: Yes, a big percentage.

Hon. Mr. MOTHERWELL: What do you mean by Baltic-Finland, Russia and Poland?

Mr. TODD: Yes, Poland, Esthonia, Lithuania and so on—those countries along the Baltic Sea—and they are sending over a very considerable volume.

Mr. MACMILLAN: Poland shipped 95,000 cwt. of bacon products. They are getting to be an important factor in the market over there.

Mr. TODD: They are taking a low price. Now, this 20 shillings as between 30 and 55 shillings, that was about the difference we had between Canadian and Danish bacon in 1920, and that is where we would be to-day if we had to go on to the British market if we did not have our hogs reasonable—if we were not able to pick out of the mass of our hogs a considerable quantity of very good bacon. Let me add this: there are the discounts that are put on these poorer class hogs—and I call a hog that is over 230 pounds a poor hog, and I do not care whether it is as smooth as an apple, it is a poor hog, because a poor hog is a thing that you cannot sell regardless of how beautiful it looks, or what kind of an animal you think it is—but these discounts that are put on there are, when turned around, essentially premiums for a better class of hog; and if they do not accomplish the purpose any faster than it has been accomplished, then we can hardly let up on that, because that is the stoutest pressure that you possibly can exert toward the end that you have in view.

Hon. Mr. MOTHERWELL: What would the price of our best Canadian bacon be on the day you mentioned?

Mr. TODD: Our best? We haven't got any there. But it would be about 52 shillings.

Mr. MACMILLAN: On the basis of 8 cents for selects free on board?

Mr. TODD: No. Oh, Mr. MacMillan!

Hon. Mr. MOTHERWELL: Would that be three shillings below Danish?

Mr. TODD: Yes, three shillings below Danish. 52 shillings would be the price for the bacon landed in England from 100 pounds of live hog. It would run about \$6.80. But that is for a bacon from 100 pounds of hog, and you have to take off of that afterwards all the costs of transportation and manufacture and the cost of getting the hog from the farm to the packing plant, and it would run below \$5 per cwt.

Mr. COOTE: What would the packers pay for the hogs at the time this bacon was selling for 52 shillings?

Mr. TODD: It would not be \$5 per cwt.—probably \$4.50.

The CHAIRMAN: That is in Ontario.

Mr. SPROULE: Our hogs to-day are \$2 per cwt. under the next basis?

Mr. TODD: Yes, nearly \$3 at the present time. You understand that what we are facing at the present time is the demoralization of the market. In 1930 the average arrival of bales of bacon on the British market for the year per week was 65,000 bales; in 1929 it was 56,000 bales; in 1928, it was 62,000; in 1927 it was 56,000 bales, and for 1931, to date, it is 89,900 bales. The highest you see was last year at 65,000 bales, but the arrivals to date on the British market for this year, per week are 89,900 bales, and for the last two weeks they have been running—

Mr. MACMILLAN: How much in a bale?

Mr. TODD: Four sides; two hogs in a bale.

Mr. COOTE: The thing that is liable to demoralize our hog market is production; it is big enough to put us on an export basis.

Mr. TODD: It is not from a narrow standpoint—

Mr. COOTE: What do you mean by narrow?

Mr. TODD: My own bacon—I may say I am marketing from our own farm from 75 to 100 hogs a year. By the way, I am selling them on a graded basis and I like it.

Mr. MACMILLAN: Do you get all that is in them?

Mr. TODD: Yes; and I like it. I have a conviction as a producer. I have gained that conviction to a great extent from my experience in the packing industry; and that is that there is only one sound method in which Canadian farmers can operate, and that is to be in the export market with a considerable variety of products, because we must be in with some products, and we must make them a variety of products.

Mr. MULLINS: And we must not go in and out.

Mr. TODD: We must not go in and out. That is why I say from the narrow standpoint. What would demoralize our market at the present time would be to be on an export basis. But during the past four or five years there has been an excellent profit in the export market for hogs, and what we have done is to permit the other countries to skim that cream. Now they are taking the skim milk, of course; but if we went in at the present moment, we would be taking the skim milk and we would not have got the cream at the time when there was an opportunity to get it.

Mr. COOTE: Has not bacon sold in Canada brought us a better price two years out of three than the English price?

Mr. TODD: Yes. But it must be remembered that there has been a lot of grain the last two or three years that has not brought us much money. If we had had the volume of hogs to have taken that up and had been putting those hogs into the British market, we would have had a much better price for the lot.

Hon. Mr. MOTHERWELL: If we had a continuous supply of reasonable volume and of the quality desired, what effect will that have on the spread between Danish and Canadian bacon; would it narrow it?

Mr. TODD: We will come closer to the Danish price all the time as we maintain volume. There are two factors that have to do with price.

Mr. MOTHERWELL: There is no reason why we should not equal it if we keep it up continuously and have the volume and quality.

Mr. TODD: No, there is no reason. Probably we could build on the sentiment in favour of Canada, and in the course of time we would build up a premium.

Hon. Mr. MOTHERWELL: And we would only have the Irish bacon to beat after that?

Mr. TODD: Yes.

Hon. Mr. WEIR: What effect has the difference in time between bacon going from here and bacon going from Denmark to England?

Mr. TODD: For a long time we were at a considerable disadvantage in that respect. We have nearly overcome that. We have a little extra cost.

Hon. Mr. WEIR: I was referring more to the condition in which it would be put on the market.

Mr. TODD: In quality? Carried in refrigeration to-day, we can just about equal it. The fact of the matter is that many times within the last three or four years, since we have learned the art of curing in relation to refrigeration—that is carrying in refrigeration—there have been times when you might put Canadian bacon and Danish bacon before a number of men who know bacon, and ask them which was the best bacon, and they would not know; they were indistinguishable.

Mr. BOUCHARD: On this point, this morning I had Danish bacon for my breakfast—

Mr. TODD: Danish?

Mr. BOUCHARD: Yes. And I was told by the steward that it was the best bacon that we can get. He recommended it to me, and as far as I know that is about the best bacon I have eaten. If you want to try it you can; it is at the Parliamentary Restaurant.

Mr. TODD: Somebody must have whispered in your ear. I think there is no question but that there is no Danish bacon in Canada.

Mr. MACMILLAN: That is an interesting point that Mr. Todd has told us—that there is no Danish bacon in Canada. He ought to know.

Mr. ROWE: As a matter of fact, there has been some Danish bacon coming in during the last quarter?

Mr. TODD: No. There were a few shipments of Danish bacon that came into this country, but Denmark has foot and mouth disease, and it would be a terrific menace to this country to permit Danish bacon to enter.

Mr. COOTE: I asked Mr. Todd a little while ago what the price would be return to the farmer for hogs on the basis of 52 shillings for Canadian bacon in England, and I think he said about $4\frac{1}{2}$ cents. Somebody said that would be Ontario price. Could you tell me what that would be to the farmer in Alberta for the high grade hog, for the different grades?

Mr. TODD: The ordinary differential runs about a cent to a cent and a quarter.

Mr. COOTE: Less than Ontario?

Mr. TODD: Yes. This thing works by differentials.

Mr. COOTE: That would be from $3\frac{1}{4}$ to $3\frac{1}{2}$ cents?

Mr. TODD: Yes.

Mr. CAYLEY: You said just now that if you had the bacon from three different countries, you could not distinguish one from the other, did you say that?

Mr. TODD: I said that taking samples of Danish and Canadian bacon and submitting them—

Mr. CAYLEY: And Polish and all the rest?

Mr. TODD: Oh, no; I did not say that.

Mr. CAYLEY: I am saying it.

Mr. TODD: Yes, you can distinguish them very readily.

Mr. CAYLEY: I was wondering if they are indistinguishable. We are so far away from the British market, how can we ever hope to gain a footing against Denmark and those countries. The imports from Poland are climbing up very fast.

Mr. TODD: You have noticed the comment on the imports of Polish bacon, have you not? The comment on that is that owing to the economic depression in Great Britain, the people of England have been inclined to go towards the poorer qualities in the meantime.

Hon. Mr. MOTHERWELL: Just as they did with Argentine chilled beef.

Mr. TODD: Yes.

Mr. CAYLEY: Mr. Harry Scott, Canadian Trade Commissioner, under date of June 3, 1931, Liverpool, writes as follows:—

Reduced retail prices encouraged the consumption of bacon in the United Kingdom in 1930, and the imports reached record figures. . . . The heavier shipments of Polish bacon have been a feature of the trade. Imports from that source during the first four months of the year reached 317,799 cwt. as compared with 135,856 cwt. in the corresponding period of 1930.

There seems to be a new competitor coming into the English market?

Mr. TODD: Of course, the Polish competitor was in there long ago. Poland was a big producer of hogs before the war, and a considerable exporter. Of course, what you have in Europe at the present time is a depressed condition within Europe, and attention is being concentrated on the British market because of lack of natural outlet for that bacon; but if we are going to build for the future we have to recognize that Europe as it recovers will consume a quantity of its own meat which it is not doing at the present time, and that will change the face of the whole situation.

Hon. Mr. MOTHERWELL: Just as Canada did these last eight years.

Mr. TODD: Yes.

The CHAIRMAN: Doctor Pickel and Colonel Mullins asked a question a while ago which was not answered in respect to getting this advantage from the premiums back to the farmer. Have you anything to say on that?

Mr. PICKEL: Mr. Todd, we have been discussing trade and world markets and one thing and another, but it is the individual farmer that we are interested in principally. Now, his mentality to-day at least tells him that he is not gaining what he should get, that the grading is hurting him. What have you to advise as regards grading at shipping points? Could that be arranged in some way?

Mr. TODD: That of course is a matter which the department has under its management, and that is something that they have to do with. As packers, we do not have to do that.

Mr. PICKEL: I mean to say that, the grading would be all right if it could be administered to the liking of the farmer, to his advantage?

Mr. TODD: Of course, you cannot administer it to the liking of the farmer, unless the farmer's liking is sound. When a man starts in grading in a district, and the farmers are producing a poor quality of pork in that district, the grading is not to the liking of the farmer. It is only when he is producing an article that is good that the grading is to his liking, because it is then that he is getting the advantage out of it. Let me go further along that line. I would like to see if we can clear up this point. What was happening and what has been happening in Canada before we put in the grading system was that the poor farmer was getting part of the money that belonged to the good farmer, and the poor farmer wants to continue to do that as long as he can. Now, the

good farmer is getting the money. It is being divided up in a different way. And when the fellow who is not producing a hog that is suitable to the market has to take a price which the market offers for that quality of hog, he does not like it.

Mr. PICKEL: I can understand your point. At the present time the Eastern Township farmers are not getting anything. There is one buyer that has had three selects since 1921, and we have got just as good farmers in the Eastern Townships as there are in Canada, and we are raising just as good a quality of produce.

Mr. SPROULE: With regard to Mr. Todd's remarks, he outlined that the packers were buying hogs on their merits at the different places and at different prices before the grading came in.

Mr. TODD: In car loads.

Mr. SPROULE: I will agree with that. He believes that the man who grows the poorer hogs wants to get part of the price of the man who grows better hogs. I do not agree with that simply because I know there has been a one dollar difference between the northern hogs and the southern hogs for twenty years. Why does the fellow in the south get some of the northern man's money? He was not getting it. He was getting it better divided than he is to-day simply because to-day you will find that the truck men are delivering hogs to the plant with a shrinkage of four or five or six pounds less, and they could buy them for one dollar of a take-off, whereas if those hogs were put in a car the shrinkage would be from fifteen to eighteen pounds, and the take-off would be a dollar. The trucker gets the hogs and delivers them with a shrinkage of five or six pounds and he gets a dollar for the same hog. The packer takes a light hog—or what he calls a light hog—and when he sells it he charges a dollar more a hundred for it.

Mr. TODD: Does he?

Mr. SPROULE: Yes. Does not the shop hog sell for a dollar more?

Mr. TODD: Does he?

Mr. SPROULE: You outlined at the start, speaking of the merits of the hogs on the market, that it was not a case of salesmanship; it was a case of setting the price and the grade did the selling. Is that good for the farmer? Is it not good for the farmer to have the best salesmanship he can possibly get? That is what he lacks to-day.

Mr. TODD: He is getting more for his hogs than in any other country.

Mr. SPROULE: If we had good salesmen in this country, the farmer would be that much better off. They made an investigation in Ridgetown and they found that the farmers would have got \$725 more in five months if the men had been allowed to buy the hogs on a flat basis. Who made the money? Only one man got it. The hog grading system is just a plan where the packer puts it over the government and the government are doing the job that is getting it out of the farmer.

Mr. TODD: Of course, the unfortunate thing about your idea, Mr. Sproule, is that it does not matter whether the southern hogs were getting more or less than the northern hogs. The fellow who was producing a hog that was better than the fellow who was not was getting about the same price for that hog.

Mr. SPROULE: The fellows in the south are getting back into the corn—the corn hog. They made a lot of money out of the corn hog simply because they turned him into the cornfield. The Yorkshire hog was a hog that would not go in there. He would sooner sell that hog for a dollar a hundred less because the other hog, the Tamworth, would go in and the Yorkshire would not do it. To complete a hog you have got to be careful in the finishing of him. You cannot

turn a hog into a peafield or a cornfield and develop a select hog. Take the fellows in this country who grow peas and corn. They can turn the hog in there and they can afford to sell those hogs for less, but you have to be careful in the finishing of the hog. More than that, the figures show the number of pounds of lard that come from the United States. When we could send our hogs to the American market, our butcher hog was bringing as much money and more money than our select hogs, and it does to-day.

Mr. TODD: They do like our good bacon type hog in Buffalo.

Mr. SPROULE: I sent a load of hogs out of Kent County and got 15 cents a hundred more than I did out of Oil Springs, and they brought fifteen cents a hundred more in Buffalo. I have a brother who buys hogs in Detroit, and he told me that butcher hogs to-day are good to buy because over there they have got out of the notion of buying select hogs, and the hog he has to pay the most money for, from 15 to 20 cents a hundred, is the butcher hog.

Mr. TODD: The American packers have had a committee working for some time together with the producers on a hog that they call their meat hog.

Hon. Mr. WEIR: There was a wrong impression given regarding Danish bacon. The only shipment that I know of of Danish bacon that tried to get in here was last January when I was at Calgary. I received notice through the department that it had arrived, and I instructed them to stop delivery of it or the sale of it if it was at all possible. They looked about for every possible way to stop it, and there were only two ways; one, that the people who were selling it here had not got the proper papers to sell it; and the other was this, that there was one instance on record—I believe in England—where foot and mouth disease did start from the bones of this bacon that was brought over from Denmark; so we had the Health of Animals Branch quarantine it on that score, and I believe it was taken out of the country.

Mr. BOUCHARD: I distinctly said this morning that it was Denmark bacon, but after Dr. Grisdale told me that it was not true I went to the refrigerator and I was told that it was Swift Premium sliced bacon; they never touch Danish.

Mr. MULLINS: I was going to correct that, because I was responsible for them getting a better class of bacon in the restaurant. I did not like the bacon, and found some fault with it, and they brought some extra nice premium. I do not care whether it is Harris or Swift's. It is not the packing plant that has anything to do with the matter. I stood on the bacon market in England and saw our Wiltshire sides bring in good prices, selling up close within a cent of the Danish bacon, and I saw it on the retail blocks with Mr. James Harris of Harris Abattoir—I saw the Wiltshire sides selling right up close. Now, we were talking about our bacon in England. Our bacon will become valuable providing we keep a steady flow of it going into the British market. I want to say to Mr. Todd that there were a number of bruised sides of hogs in the packing plant.

Mr. TODD: Yes.

Mr. MULLINS: And it is largely due to the grading of those hogs. I have seen the round red spots throw it out so that it could not go for export. Now, that is reacting back upon the producer. There is another point I want to take up. You are taking off one-half of one per cent. Does that provide for everything?

Mr. TODD: Do you mean covering bruises?

Mr. MULLINS: No, not bruises; for condemnation insurance.

Hon. Mr. WEIR: Does it not go to meet the damages?

Mr. TODD: Oh, absolutely; we have, I think, from time to time submitted figures on that.

Mr. MULLINS: Here is one load—condemnation insurance, one-half of one per cent deducted at the yards, \$8.12. If you took \$8.12 off every load—

Mr. TODD: If you lose the value of one hog you are taking up the value of \$8.12.

Mr. MULLINS: Would you lose that?

Mr. TODD: Yes, because you have—

Mr. MULLINS: Have you any records to show what the losses are?

Mr. TODD: Oh, yes.

Mr. MULLINS: And about the cattle?

Mr. TODD: Yes, and the cattle. The losses on the cattle are very heavy.

Mr. MULLINS: I will agree to give them condemnation insurance on the cattle that go into the packing plant, but if a boat load of cattle is put on the market for the British market why should you take off condemnation insurance?

Mr. TODD: We do not because we do not handle these cattle.

Mr. MULLINS: But they do take it off.

Mr. TODD: I don't know who takes it off. As far as the packer is concerned, he is not in that game.

Mr. MULLINS: The packer has never exported any?

Mr. TODD: Yes, he exported.

Mr. SPROULE: As far as cattle are concerned, it is taken off all cattle.

Mr. TODD: Yes; and excepting for those that are exported, I think it is quite all right. Take a load of feeders. Feeders go out into the country and they come to the stockmarket. This fellow pays that much less for them. The disease that is in them may have originated in the cattle when they were young. The man who raises them should suffer that loss, and it is passed on. They come back. All the difference there is that is paid for is any gain in weight. If they went out at 800 pounds and came in at 1,000 pounds, all that that man pays is the insurance on 200 pounds, because he got it on the 800 pounds when he bought them, and if they come back again at 1,000 pounds and go in at 1,200 pounds, all the deduction is on the 200 pounds. Eventually there is nothing paid—all that would be paid is eventually the insurance of one-half of one per cent on the 1,200 pounds that is finally sold for packing purposes.

Mr. MULLINS: Quite correct; but I am alluding to a train load of export cattle bought on the Toronto market. I will agree to give a packer condemnation insurance when he requires it, but I do not think he wants one-half of one per cent. I think probably he could do with a quarter. When conditions are such as they are, with a trainload of export cattle, would you take condemnation insurance off them?

Mr. TODD: I do not know any reason why you should.

Mr. MULLINS: The cattle are going out of the country. I think that should be changed. I think the law should be changed. They are going to the United States. 160,000 went to the United States and half of one per cent was taken off the farmer. The cattle are going out pretty freely to the Old Country, and half of one per cent is taken off.

Mr. TODD: Does the shipper or do you as an exporter stand the loss in England through condemnation?

Mr. MULLINS: I did not have any. You do not have any. Our offals are perfect. Mr. Brown told us that. Our offals are healthy. I haven't had any losses in England. I am talking now of the deductions taken off in the export when they are not necessary; I am not talking about what goes into the packing plants. I think that is justified, though not so much. But the cattle going out of this country for export and trade should not be subjected to one half of one per cent deduction either to the United States or England. That is one phase of it. With regard to the grading of hogs, the farmer knows very well just what

type of hog to raise. He has been taught that all over Manitoba. Trucks run all over the province to the different fairs showing sides of bacon, Wiltshire sides, that is suitable for export, and showing too live hogs. The farmer knows thoroughly well what to raise and what type of hog to raise. But when he comes in here and is subjected to the grading and has to go through a system such as he has to go through, it is very unpopular as far as the farmer is concerned. I am talking on behalf of the producer. I do not know whether the packer wants it or not, or where it originated. We never used to have it. If I go into the market with a carload of hogs I want to sell them to the packer and let him do what he likes with them.

MR. BROWN: I presume that the purpose of this committee is to try to improve the market for our hog products. Now, in my judgment if we go back on the grading system, it would be a retrograde step. I am not prepared to say that the grading system which we have at the present time is perfect. I am quite satisfied that there are some anomalies which we might very well get rid of. But if we are going to improve the price of our farm products, we must stand behind some system. Now, we know that there has been opposition on the part of some of the farmers, but that ought not to weigh too heavily upon us; some of them have been very badly educated—some of them in Marquette probably.

MR. MULLINS: And probably some of them in Lisgar.

MR. BROWN: I do not want to enter into a political discussion here. As far as I am concerned I had to risk my political life in Lisgar by defending the grading system.

MR. COOTE: I would like to raise a point for information. I understood that we were questioning Mr. Todd, and I think argument should be left until after we are through with Mr. Todd. Of course, if Mr. Brown is proceeding to ask a question, very well.

The CHAIRMAN: The point is well taken.

MR. BROWN: I am quite agreeable; but I say there was much said which seemed to condemn the grading system as a system without considering the details of the system, and I think some of us should not sit quiet when it is said that the producers are against the grading system, because I know they are not all against it by any means.

MR. PICKEL: It is the application of the grading system that is discussed.

MR. BROWN: I would like to ask Mr. Todd a question. You remember at the last meeting of the committee I moved that the committee be furnished with a copy of the Grading Regulations. Now, we have those. Attached to it is a note which I cannot understand in view of Mr. Todd's statement. Under these regulations the farmer has the privilege of selling his hogs when and where he likes. It is, however, illegal for a recognized drover or shipper who ships hogs to an abattoir or stockyard to buy hogs on a flat basis from the farmer. That is, if the farmer has hogs for sale, the drover or shipper must buy according to grade. Now, I may say with regard to that last statement I was strongly opposed to the grading of hogs by the drover. I think as soon as we have a system like that, we will be in interminable difficulties and the drover may grade high or low. But there will always be difficulties so long as you have grading by the drover and at the central plant. I do not see any reason why the drover should be asked to grade hogs. If he likes to buy hogs on a flat basis, and if the farmer is foolish enough to sell hogs on a flat basis, let them deal; but there is sufficient provision in these regulations making it possible for any farmer who thinks he has select hogs to sell those hogs in a way that he will get all that is coming to him providing the grading is done properly. There is sufficient provision in these regulations whereby a farmer can get the price back to him for a select bacon hog if he has got it, independent of the drover.

The CHAIRMAN: Except for one thing: the drover is not obliged to take the farmer's hogs, is he?

Mr. BROWN: I do not know that he is.

The CHAIRMAN: If the farmer wants to have this regulation observed, and the drover says, "no I do not want your hogs," what position would the farmer be in then?

Mr. BROWN: Of course, there may be communities where they would be completely under the power of an individual drover, and that might necessitate some regulation to cover a point of that kind. I recognized that when this particular regulation was brought in. I know in our part of the country there is full provision for the farmer getting the benefit of the grading system, and allowing the drover to buy as he pleases. All I need to do is to refer to subsection B of Section 11 which gives the farmer all the protection that he needs. Now, if Mr. Todd will explain this seeming-contradiction in this note. Can he reconcile it with the statement which he made?

Mr. LOUCKS: Would it be possible for us to have the Denmark system?

Hon. Mr. WEIR: I might say regarding grading on the rail that we are grading on the rail. We have started an experiment grading on the rail in one packing plant. We hope in a short period of time to have a similar experiment made in three different packing plants of different types, and have them check up by grading on the hoof.

Mr. TODD: Might I be permitted to add, Mr. Weir, that the packing industry is heartily behind any move of that description towards bettering the grading, and they have been working for a year or more past on developing means and going ahead studying the possibilities of grading on the rail. There are a number of problems that have to be considered in connection with that. At the time when grading was first inaugurated, the question of grading on the rail was given consideration, but at that time the first trouble we faced was that there was no adequate method of marking the hogs for identification when they got on the rail. There has been a very considerable development during the last few years, and to-day it appears as if that particular trouble has been solved. Now, that work has been followed up by the men who have been engaged in hog grading work and they deserve a great deal of credit for that.

With regard to Mr. Brown's question, I am sorry if I gave the wrong impression with regard to that. Any farmer may sell his hogs flat if he wishes. The responsibility does not lie with the farmer. But in the course of time, as the regulations were developed, and as study was given to the questions of how you were going to get the money back to the farmer, it was found that in different parts of the country there were different conditions, and in order to help cover a situation such as Mr. Pickel has been discussing, an addition was made to the regulations requiring that the drover should do one of two things: either buy these hogs on a graded basis, or mark the hogs so that when they were shipped in the identity of the hogs could be maintained. That was the objective, to try to work as far as possible towards having the farmer paid on a graded basis for his hogs. That was the objective in making this addition to the regulations. The idea was that the drover would either grade those hogs back there and buy them from the farmer on a graded basis, or he would mark the hogs and send them in and have them graded. He had his choice.

Mr. CHAIRMAN: Who had his choice?

Mr. TODD: The drover.

The CHAIRMAN: The drover had the choice?

Mr. TODD: Yes, or the farmer could say, "I want those hogs marked."

Mr. BROWN: That is in section 11 subsection B?

Mr. MULLINS: Who was the father of this grading? Where did it originate?

Mr. TODD: The Conference of 1921 was the father of this grading. The conference between the producers, the packers, and the governments, both Provincial and Dominion, the men engaged in the swine industry, and everybody else who knew something about the production of hogs—the regular producers, the co-operatives, and the commission men were represented at that conference.

Mr. MULLINS: Yes. Harry Talbot was there as their representative, if my memory serves me correctly.

Hon. Mr. WEIR: Take a comparison in the price brought for a 180 pound select bacon pig in the finished carcass, and a pig of the same weight in the butchers, I would like to get at how it compares with the premium paid?

Mr. TODD: Both of the same weight?

Hon. Mr. WEIR: Both of the same weight.

Mr. TODD: That varies a little according to market demands, but as a whole the premium and the butcher are about on a par with regard to the price of the product, and the price of the hog. There are a lot of things. The difference between the butcher hog and the select hog is about 87 cents to 90 cents per hundred pounds at the present time, and the difference in the price of the product would correspond very closely.

Mr. MULLINS: A dollar a hundred is the difference between the select and the butcher. There is a dollar taken off the butcher and a dollar premium on the select according to the Davies statement.

Mr. TODD: It was 75 cents per hundred on the butcher. It is now \$2. It is now a matter of a dollar per cwt.

Mr. COOTE: There is another point in connection with the packing industry which I want you to consider. I think there is a general agreement here that if we are going to go into the export market, Denmark is to be our chief competitor, and I had this information given to me yesterday. I would like to ask Mr. Todd a question about it. "In Denmark it requires \$8,000,000 worth of capital for the packing industry to produce 900,000,000 pounds of product for which Denmark is famous, while it requires in Canada \$67,000,000 of capital to produce 600,000,000 pounds of similar product." It goes on to show that it seems almost impossible for Canada to compete with Denmark in this bacon trade if we are going to return any dividend on such a tremendous capitalization. I wanted to ask Mr. Todd whether he knows anything about the capitalization, and whether these figures are approximately correct, and whether it is not a tremendous handicap on the Canadian packing industry trying to compete with Denmark in bacon products?

Mr. TODD: Someone got out that wild statement a while ago, so I wrote to Denmark and asked the Danish Foreign Office Journal for a statement of the amount of capital invested in the Danish packing business. They answered me that the amount was 90,000,000 kroners which, at 26·8 cents—I believe that is the exchange value at the present time per kroner—makes \$24,120,000. That makes some difference between that and \$8,000,000. The Danish packing business in 1930 slaughtered about 6,000,000 hogs, 28,000 cattle and 147,000 sheep. In other words, their business is almost entirely confined to the slaughtering of hogs. It is the easiest form of operation that we can have in the packing business. They take these hogs, put them through the plant, pickle them for so many days, and put them into bales and send them overseas. They do that and they continue that process every week. There is no storage. If you look at the deliveries of Danish hogs down over the twelve months of the year, you will see that they have a steady run of hogs down over the year, every month of

the year. It is not exactly even every month, but there is a steady supply right down through the year which completely does away with the necessity of taking care of bare spots or anything of that nature in the industry. Then they have no distribution to take care of outside of loading the stuff on to the cars, putting it on board a ship and sending it over, and in a week that stuff is sold.

Hon. Mr. WEIR: The expensive part of your plant is your cold storage?

Mr. TODD: Yes. You must remember that included in the Canadian business is the branch house business. Your business covers over three thousand miles of territory in Canada, and that constitutes a tremendous difficulty. Now, \$36,000,000 of your \$66,000,000 that is invested in Canada is on goods, inventory—

Mr. COOTE: What is the capitalization of your industry?

Mr. TODD: About \$31,000,000 is the capitalization of fixed assets and machinery, and means of manufacture.

Mr. COOTE: What is the capital of your different companies, the total?

Mr. TODD: The capitalization as given by the Dominion Bureau of Statistics which publishes its statement every year, is in the neighbourhood of \$66,000,000. That part of this man's statement is correct. The other end is very badly out, and there is such a difference that considering the difference between the business we do and the volume, our capitalization is a little lower.

Mr. BROWN: In order to give comparisons, that Danish stuff is green bacon?

Mr. TODD: Green bales.

Mr. SWANSON: May I ask if the reporter has contradicted the remark of Mr. Bouchard with respect to these proceedings, as to his having Danish bacon for breakfast?

Mr. LUCAS: I would like to ask Mr. Todd a question if I might. One of the questions that has been exercising this committee a great deal has been the feeling that there has been too great a spread between what the producer receives and what the consumer is paying for these various products, and I would like to know if Mr. Todd can tell the committee what is the average spread between the price paid for a live hog and the bacon which the consumer buys.

Mr. TODD: The spread as between what the packer pays for the hog and what he sells the product at will run about 15 to 17 per cent. Then you get the retailer's costs on top of that, and I do not know whether you can give exactly the spread there, but it costs apparently—I do not know what it costs now—but the United States Department of Agriculture figured that it cost something like 25 per cent for the retailer to be able to do business. If you would take the spread between the price of a hog and the price of a piece of breakfast bacon or back bacon, that would not represent at all the difference, because you would have to take that hog and divide it up and bring out the value of the breakfast bacon to take care of the lower price at which a big percentage of that hog is sold, and you cannot take and compare the price of a piece of bacon with the price of a hog. You have to take the whole product and the cost of doing business right straight through.

Mr. MULLINS: I want to ask you a question. Who sets the price of hogs to the farmer? Where is it set and by whom?

Mr. TODD: The price of hogs is set by the play of thought—the ideas of a thousand people, first, on the value of the product, and next on the raw material, but there is no individual that I know of or have been ever able to discover and no set of individuals that I have ever been able to identify that sets the price of hogs.

Mr. MULLINS: The packer would not send a circular out that he will pay a certain price?

Mr. TODD: Sure he will.

Mr. MULLINS: He sends out a circular stating the price. Is there any chance of the packers saying one to the other, "this will be the price of hogs to-morrow." Did that ever happen in any stockyard or packing plant? Was it ever settled that the price of hogs would be so and so to-morrow with no justification for that price?

Mr. TODD: This fellow says to the other one, "that is the price that hogs are going to be to-morrow."

Mr. MULLINS: No, he says to the other fellow, "this is where we will put the hogs." If one packer says to the other, "the price of hogs will be five cents to-morrow," and supposing it is seven cents to-day, is he setting the price?

Mr. TODD: If that were so, why would the price of hogs change within the market in a single day?

Mr. MULLINS: It might run a little light.

Mr. TODD: Somebody else changed their minds, didn't they?

Mr. LUCAS: If I might follow up another question along the line of the one I put a while ago, I have a statement that appeared in one of the western papers to the effect that the spread between the live hog in Denmark and the bacon amounts to only seven and a half cents a pound as compared in Canada with from fourteen to seventeen cents a pound?

Mr. TODD: What were they talking about?

Mr. LUCAS: The statement is giving the comparison of prices. It takes July, August and September, the price paid, the live hog, eleven and a half, eleven and a half and eleven and three-eighths, and then it gives the price that bacon was selling at or an average spread of seven and a half cents a pound.

Mr. TODD: That is really a very good question, because it illustrates the confusion that often arises with regard to these matters. Bacon in England and bacon in Europe is spoken of as the whole side of the hog, including the shoulder, the back, the belly and the ham. In this country the word "bacon" is almost entirely confined to that part of the hog which is known as the breakfast bacon or side bacon. That can be called bacon. There is then also the back bacon, and that must be designated as back bacon. Now, I do not know just what these two comparisons mean.

Mr. COOTE: Do you mean to say that the retailer in the Old Country sells the shoulder end as bacon?

Mr. TODD: He sells it as a part of a side of bacon. He cuts it up and he cuts it up differently from the way we cut it up in this country, but he does not trim in the same way as we do in this country, and that is one reason why you cannot make a fair comparison at all.

Mr. LUCAS: I would like to make this statement. They make the statement here that there is an allowance made for the Wiltshire sides.

Mr. PERLEY: Is there any suggestion with regard to the improvement of the present system of grading?

Mr. TODD: I think probably that the Hon. Mr. Weir has made that suggestion as something that is being worked out; something that is being worked towards.

Mr. MULLINS: It would be a good thing to cut it out altogether.

Mr. PICKEL: The grading Act itself is all right, but it is the application of it that is difficult. As Mr. Brown stated you can mark a hog and it is graded in Montreal. The farmer wants to see it graded in his yard.

Mr. TODD: The department is doing a lot.

Mr. THOMPSON: I think that the people of the Dominion of Canada generally who are breeding hogs are satisfied that hog grading has been a step in the right direction, and that it has accomplished a great deal in raising the standard of our bacon hogs. If we are to compete in the markets of the world by exporting our bacon we must take every precaution to produce and export the very highest type of bacon we can possibly get. However, there is the administration of this law; that has not been giving satisfaction. Particularly the producer is not getting the benefit of the premium that is being paid; it is being absorbed by the trade. I would be very sorry indeed to see the grading system done away with, because if we want to keep our products to a high standard, such as it must be if we wish to hold our place in the export market, then we want grading, but it must be better administered than it is at the present time.

The committee adjourned sine die.

Filed by A. A. MacMillan

ONTARIO HOG MARKETINGS BY COUNTIES, 1930

County	Total	Sel.	Bac.	But.	Hea.	Ex. H.	Lts.	No. 1	No. 2	Rgs.	Sgs.	Uncl.
Algoma.....	44	2	16	11	3	3	5	3	3		1	
Brant.....**	7,211	2,261	3,595	804	215	17	147	30	117	1	24	
	8,442	3,092	4,528	435	146	13	111	14	96	3	4	
	15,653	5,353	8,123	1,239	361	30	258	44	213	4	28	
Carleton.....	9,084	889	2,694	3,474	695	100	798	119	271	11	30	
Dufferin.....**	18,011	5,455	9,540	1,894	320	44	323	84	322	5	124	
	12,026	3,399	6,755	1,129	222	52	186	51	200	14	18	
	30,037	8,854	16,295	3,023	542	96	509	135	522	19	142	
Dundas.....	9,793	1,545	3,794	2,252	210	75	1,483	100	292	13	29	
Durham.....**	3,847	924	1,840	663	65	5	256	11	66	8	7	2
	12,777	3,962	6,993	1,007	230	36	247	50	229	8	15	
	16,624	4,886	8,833	1,670	295	41	503	61	296	16	22	2
Elgin.....**	12,226	1,626	6,970	2,689	218	46	357	53	227	13	28	
	4,599	683	3,081	560	158	12	64	33	33	3	2	
	16,825	2,309	10,051	3,249	376	58	421	56	260	16	30	
Essex.....	18,897	794	10,273	5,945	880	89	527	78	104	3	18	86
Frontenac.....	9,044	1,213	3,394	2,435	592	70	951	138	211	9	31	
Glengarry.....	8,916	1,261	3,447	2,206	205	73	1,309	99	269	17	30	
Grenville.....	5,170	780	1,917	1,254	134	67	748	53	200	1	16	
Grey.....**	43,166	12,567	23,246	4,763	653	129	865	147	707	30	59	
	9,228	2,755	5,082	890	146	22	133	20	163	7	10	
	52,394	15,322	28,328	5,653	799	151	998	167	870	37	69	
Haldimand....**	1,494	398	822	173	34	10	25	5	21	1	5	
	10,486	3,455	5,851	726	188	35	135	10	66	12	8	
	11,980	3,853	6,673	899	222	45	160	15	87	13	13	
Haliburton.....	140	26	79	18	2		10	1	3	1		
Halton.....**	1,363	477	679	112	19	4	38	6	25	1	1	
	10,485	4,179	4,894	742	170	33	177	37	230	4	19	
	11,847	4,656	5,573	854	189	37	215	43	255	5	20	
Hastings.....**	32,468	6,223	17,194	5,013	1,202	317	1,707	131	620	10	51	
	579	145	360	50	11	4	3	5	5	1	1	
	33,047	6,368	17,554	5,063	1,213	321	1,710	131	625	10	52	
Huron.....**	42,399	13,322	22,478	4,215	785	89	624	114	636	64	72	
	20,303	5,592	11,676	1,703	483	47	349	46	353	19	35	
	62,702	18,914	34,154	5,918	1,268	136	973	160	989	83	107	
Kenora.....	96	13	17	36	6	2	18	2	2			
Kent.....**	62,936	3,668	34,237	18,829	3,027	276	1,765	268	659	13	111	83
	875	64	565	130	83	4	26	1	1	1	1	
	63,811	3,732	34,802	18,959	3,110	280	1,791	268	660	14	112	83
Lambton.....	40,475	6,724	23,644	7,018	1,118	126	939	179	628	14	85	
Lanark.....	9,393	1,708	2,966	2,390	525	99	1,321	185	350	12	35	2
Leeds.....	11,582	1,673	4,112	3,000	306	86	1,908	100	355	18	24	
Len. and Add....	10,209	1,726	4,018	2,563	433	44	1,096	87	217	5	20	
Lincoln.....*	3,750	498	2,417	549	136	35	75	5	34		1	
Middlesex.....**	19,473	4,259	10,884	2,950	355	60	477	72	361	21	34	
	14,459	3,653	8,349	1,567	343	31	177	15	277	11	36	
	33,932	7,912	19,233	4,517	698	91	654	87	638	32	70	
Muskoka.....	280	67	134	24	2	6	14	8	25			
Nipissing.....	51	2	4	1	2	2	36	3	1			

ONTARIO HOG MARKETINGS BY COUNTIES, 1930—*Concluded*

County	Total	Sel.	Bac.	But.	Hea.	Ex. H.	Lts.	No. 1	No. 2	Rgs.	Sgs.	Uncl.
Norfolk.....**	6,873 4,327	1,678 1,131	3,648 2,629	1,032 399	166 53	40 5	179 53	22 11	83 44	3 1	19 1	
	11,200	2,809	6,277	1,431	219	45	232	33	127	4	20	
N'land.....**	12,463 4,520	3,298 1,276	6,439 2,414	1,639 492	219 73	24 11	547 129	50 18	228 97	1 1	18 9	
	16,983	4,574	8,853	2,131	292	35	676	68	325	2	27	
Parry Sound.....	91	2	21	6	7		50		4	1		
Peel.....**	1,726 15,277	653 5,163	1,000 7,539	216 1,420	43 338	11 84	27 278	6 68	43 352	1 8	5 27	
	17,003	5,816	8,539	1,636	381	95	305	74	395	9	32	
Ontario.....**	20,196 11,568	6,110 3,455	10,555 6,233	2,166 1,008	396 275	54 27	416 248	93 66	356 228	3 5	37 23	
	31,764	9,565	16,788	3,174	671	81	664	159	594	8	60	
Oxford.....**	21,489 16,796	4,890 4,342	12,381 9,875	2,857 1,581	360 382	44 38	444 258	58 41	407 234	9 19	39 26	
	38,285	9,232	22,256	4,438	742	82	702	99	641	28	65	
Perth.....**	40,587 30,723	11,367 7,657	22,357 19,146	4,425 2,389	866 529	88 75	732 427	97 44	549 379	42 36	64 41	
	71,310	19,024	41,503	6,814	1,395	163	1,159	141	928	78	105	
Peterboro.....**	10,188 8,491	3,098 2,840	5,334 4,485	1,020 644	152 144	15 26	297 87	35 32	215 216	8 3	14 14	
	18,679	5,938	9,819	1,664	296	41	384	67	431	11	28	
Prescott.....	6,487	806	1,816	2,396	218	19	940	125	143	2	19	3
Prince Ed.....**	8,985 63	1,486 19	3,920 19	1,852 12	459 1	68 1	915 8	59 3	201 3	4	21	
	9,048	1,505	3,939	1,864	460	69	923	59	204	4	21	
Rainy R.....	141	19	39	40	13	1	19		10			
Renfrew.....	6,716	1,655	2,542	1,269	229	75	500	140	230	12	37	27
Russell.....	4,775	601	1,584	1,296	116	38	977	48	100	2	13	
Simcoe.....**	43,739 17,727	13,498 5,396	22,288 9,401	4,860 1,789	674 289	135 57	1,186 349	176 80	818 322	22 14	82 30	
	61,466	18,894	31,689	6,649	963	192	1,535	256	1,140	36	112	
Stormont.....	10,216	1,199	3,622	2,888	170	34	1,822	111	327	15	27	1
Sudbury.....	169		9	7		4	119	29			1	
Timiskaming.....	1,020	3	24	11	2		915	5	7		3	
Victoria.....**	13,190 7,115	4,000 2,260	6,474 3,885	1,451 572	399 144	59 24	410 78	58 20	300 119	7 7	32 6	
	20,305	6,260	10,359	2,023	543	83	488	78	419	14	38	
Waterloo.....**	8,811 32,740	3,110 8,881	4,569 19,163	800 3,209	82 460	12 53	140 586	10 38	82 286		6 43	
	41,551	11,991	23,731	4,009	542	65	726	48	368	22	49	
Welland.....*	1,700	157	1,116	238	114	15	39		18	1	2	
Wellington.....**	50,642 30,335	13,490 8,775	28,672 16,853	5,892 2,879	755 524	72 87	791 567	140 70	717 490	39 35	74 55	
	80,977	22,265	45,525	8,771	1,279	159	1,358	210	1,207	74	129	
Wentworth.....*	15,787	6,318	7,762	829	310	51	207	41	240	16	13	
York.....**	7,510 47,805	2,397 13,571	3,878 25,184	450 4,278	96 2,209	23 426	145 897	25 181	121 912	6 24	19 123	
	55,315	15,968	29,062	5,028	2,305	449	1,042	206	1,033	30	142	
Total.....**	652,031 352,983	142,831 102,718	331,621 196,260	111,345 31,227	16,118 8,155	2,647 1,304	29,266 5,894	3,360 961	11,641 5,627	446 274	1,363 563	289
	1,005,014	245,553	527,981	142,572	25,273	3,951	35,160	4,321	17,268	720	1,926	289

** Delivered by rail. * Locals and truck deliveries.

Filed by A. A. MacMillan

REASONS WHY THE PERCENTAGE OF SELECT BACON HOGS DID
NOT INCREASE ON THE MARKET AT TORONTO

1. As the Packers in Ontario came to know where the good hogs in Ontario were produced they centred their buying for direct shipments to packing plants in such districts. The percentage of Select Bacon hogs purchased for direct shipment to plants has steadily increased from year to year with the exception of 1930.

2. The development of the practice of trucking hogs has also made it easier for packers to secure a better quality of hogs through their direct shipments.

3. The capacity of packing plants located in other cities besides Toronto has increased immensely year by year and new plants have started in business. Competition made it necessary for these local plants to buy good quality hogs.

4. Live stock commission firms who handle hogs on a commission basis on the Stock Yards at Toronto do not of necessity have to pay so much attention to the quality of hogs they handle as packing plants who buy hogs to produce a product that enables them to compete successfully and expand their business.

5. Packing plants buying direct at local points have been able to direct purchasing so that payment on a quality basis has probably been made more attractive in certain districts for the producers of good quality hogs.



SESSION 1931

HOUSE OF COMMONS

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

1931

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

TUESDAY, JUNE 30, 1931

Order of Reference—Re Handling and Marketing Agricultural Products.

WITNESSES:

W. A. Amos, President, United Farmers' Co-operative, Ltd.
W. West, Egg Dealer, Almonte, Ont.



MINUTES OF PROCEEDINGS

TUESDAY, June 30, 1931.

The meeting came to order at 11 a.m., Mr. Senn presiding.

Members present: Messrs. Blair, Brown, Carmichael, Cayley, Donnelly, Garland, Lucas, McGillis, McKenzie, McMillan, Motherwell, Perley, Pickel, Porteous, Senn, Shaver, Simpson, Spotton, Swanston, Taylor, Thompson, Tummon, Vallance, Weir (*Melfort*), Weir (*Macdonald*).

Mr. W. A. Amos, President United Farmers Co-Operative Limited appeared and addressed the committee.

Mr. W. West of Almonte, Ont., egg dealer attended and addressed the committee.

Hon. Mr. Weir informed the committee that the Department had made arrangements for the inoculation of cattle being shipped from the West, at government expense.

The Hon. Minister also made a statement as to a reduction in freight rates on feeder cattle and as to arrangements for cattle space on ocean transport. (See printed evidence of this date.)

The Chairman announced that Mr. Todd of the Canadian Packers had arranged for members of the committee to inspect the packing plants in Hull on Tuesday next.

The authority to call further witnesses for the next meeting was given the Sub-committee on Witnesses.

The committee adjourned sine die.

A. A. FRASER,
Clerk of the Committee.



MINUTES OF EVIDENCE

HOUSE OF COMMONS,

TUESDAY, June 30, 1931.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock, a.m., Tuesday, June 30, 1931, Mr. Senn in the Chair.

Order of Reference—the marketing and handling of agricultural products.

The CHAIRMAN: I think we can proceed, gentlemen, but before we do I should like to call to your attention the fact that Mr. Todd who was here with us at our last meeting as representative of the Canadian packers, has made the suggestion that if the committee sees fit he will come here next Tuesday and take the members of the committee over to the Hull Packing Plant.

Now, we have with us to-day Mr. Amos, and he will address you, and then you may question him.

W. A. AMOS, President of the United Farmers Co-operative of Ontario, called.

Mr. AMOS: Mr. Chairman and gentlemen, my handicap this morning in appearing before the Agricultural Committee is that there was no definite subject assigned to me, but rather a general one with regard to the marketing and handling of farm products; and, therefore, Mr. Chairman I take it that possibly my remarks will be more or less general. In connection with the marketing of live stock products at the present time, we are confronted with a very low price—more especially for cattle; and we are looking very hopefully to the new outlet that is offering itself to us in the Old Land. However, when we look in that direction we find that we cannot get available space from day to day. Indeed the most space that has been available for export cattle to-day as far as we can learn is 200 cattle. We are anxious that by some means that space may be increased so that we may be able to get a regular supply of space to permit us to get on to that market; because if we enter into a contract with Old Country people to take our beef cattle, that contract must embody in it our ability to give them a steady and a uniform supply, and if space at any time is not available then the whole contract will fall down. That, I may say, is possibly our biggest handicap at the present moment, and we feel that that is something that the Agricultural Committee, and through it the government, could be more effective in securing than the producers, at any rate. In connection with export cattle rates, it is quite true that the price has been reduced from \$22 to \$15, but that is not working out just as it would seem.

Hon. Mr. MOTHERWELL: When was that reduction made?

Mr. AMOS: So far as I know—

Mr. MACMILLAN: It was in 1926 or 1927.

Mr. DONNELLY: 1927.

Mr. AMOS: But now we find ourselves in this position that instead of the Old Country demanding from us cattle between 1,200 and 1,400 pounds, they are now asking for cattle from 850 to 1,100 pounds, and if the allocation of these

rates is based on the individual cattle in the space, then we are not getting the reduction that it would seem, and I would take it that that is a matter that should be looked into. Remember, I do not profess to be a technical man in these matters; I am a plain everyday farmer. I do not know at the present time how the cattle are handled on the boats, but those who are in the business will know that, and will be able to place before the committee just what the figures will resolve themselves into in connection with this change of weights according to the Old Country market demand.

I understand that one of the bones of contention in connection with getting space is that there is at the present time no return cargo offering itself, and therefore the transportation companies do not feel like handling this matter.

Mr. MACMILLAN: In that respect, I think the Minister told us a week ago—at least I have that impression—that the government is fitting up a further line of boats to give an additional 350 spaces every two weeks. Do you know anything of that, Mr. Chairman?

The CHAIRMAN: I could not say definitely.

Mr. AMOS: There is a matter in connection with stocker and feeder cattle coming down from the west to Ontario that has been giving us in Ontario quite a good deal of concern, and that is the shipping fever. These cattle leave the western markets—first of all they leave their own feed lots or their own barns and they are then transported to the Winnipeg stockyard, and if the weather is extreme the exposure renders them liable to take pneumonia or shipping fever. By the time these cattle have been in transit to the Toronto yards and have been unloaded once or twice in transit, and by the time they reach the feed lots in Ontario, they have contracted the disease, and are in the stages of it. I understand it has not yet been determined whether that disease is contagious or not, but I know there is a feeling amongst some of our farmers that it is, and that it spreads even among our own Ontario cattle. So that the feeling is that it is a real menace to-day in Ontario. In talking with some veterinarian authorities, I have been led to understand that if those cattle were inoculated or vaccinated before they left the Winnipeg yards it would be a great help to our Ontario farmers.

There is another matter that I felt I should bring up before the committee to-day, because it has a great effect on the marketing of the cattle, and the interchange of cattle between ourselves and Ontario. We need your stocker and feeder cattle, and I take it that the western parts of the Dominion need the outlet which we offer in Ontario. As there are compensations on both sides, I feel that both parties should be interested in this matter. At the Union Stockyards in Toronto the feed costs are considered by the farmers of Ontario to be altogether too high. I might say that in our company we have had representations from Farmers' Clubs all over the province asking us, through the Board of Directors, to do something with regard to this matter. At the present moment feed hay is \$30 a ton in the Toronto yards. Chop, or at least grain feeds are \$2 per cwt. That looks to be an excessive amount to charge when you think of what the farmer to-day is getting for his hay and for his grain.

There is another matter that has come to our attention more through the packers than through any agitation on the part of our individual farmers, in connection with the handling of live stock, and that is the matter of bruising. Losses among cattle and hogs in transit and in the stockyards—mostly in transit—are considerable. No doubt you are aware that for the last few years there has been a committee working on the matter of the loading and handling of live stock, and the results of the work of that committee have been disappointing, because to-day we think we have made practically no definite headway. It is true that we have had experiments conducted by both lines of railways, first as to permanent partitions installed in the cars, and latterly, at the suggestion

of the railway companies, temporary partitions. This partition is a gate that will reach across the floor with four chains, two at the top and two at the bottom, to be put across the car. But that is still in the experimental stage, and the farmer in Ontario and the shipper especially is wondering how long it is going to remain in the experimental stage. The railways claim that if they are going to install the permanent partition it is going to entail a cost that will have to be passed back to the farmer. I understand that there are certain legal technicalities which I am not entirely conversant with, but I am personally satisfied that the farmer would be quite willing, in the saving it would bring him, in the getting of a better product to the market, to pay a reasonable fee for the use of those permanent partitions.

Mr. CAYLEY: What percentage is lost by bruising?

Mr. AMOS: I am not in a position—

Mr. CAYLEY: Is it considerable?

Mr. AMOS: Yes, it is. The packers are quite concerned about the matter and have been for some time past. It is a real problem that they are confronted with. These temporary partitions are put in by the shipper, and they break down many times in transit, and if it is a mixed car load and the cattle get a heavy shunt, and they break down the partitions, then they are all piled in together, cattle, sheep, hogs and calves and everything else, and the casualties have been very heavy. The bruising has had such an effect that the packers have been greatly concerned.

Hon. Mr. MOTHERWELL: Deliveries by trucks to anyone who is near enough have been used quite freely?

Mr. AMOS: Oh, yes, we are adopting that all through Ontario, even to the distance of 160 miles. In fact, I heard only yesterday of a load of live stock that came down from beyond Lions Head in the Bruce Peninsula right into the Union Stockyards. If they come by truck, naturally they are not subjected to the same hazard as they are by rail. It would seem to me—it is none of my business Mr. Chairman and members of the committee to tell the railways what they should do—but if they are looking askance at truck competition to-day, it seems to me that this is one means by which they could give good service and offset to that extent the competition of trucks. As a member of the committee I have just referred to, I have felt that the railways were just bidding for time. They do not seem to combat this, and they seem slow to adopt any new principle that is going to help in this matter. I may be altogether wrong, but I am giving my personal view that they are just bidding for time and putting the issue off.

Hon. Mr. MOTHERWELL: Have you any proposals to make? In older countries like Denmark and Ireland nearly all hogs are delivered by truck now, and the same thing will happen in this country in regard to any point that is within any reasonable access to the stockyards.

Mr. AMOS: I understand that this matter has been taken up. It has been taken before the Board of Railway Commissioners, and we believe they are just waiting for the time until the railways complete this experiment of the temporary partition.

Hon. Mr. MOTHERWELL: I think the railways are putting on trucks themselves.

Mr. AMOS: The other matter I have thought of presenting to you was the matter of freight rates. Of course, I quite appreciate that it is quite a big problem to tackle, and I am quite sympathetic with the condition in which the railways find themselves so far as revenue is concerned, and the problems of finance. But speaking from the farmers standpoint, I have maintained for some time back that the adjustment of freight rates in the last analysis has to

go back to the adjustment of labour costs, and there is where we find ourselves in a deadlock to-day. Now, Mr. Chairman, whoever is going to set this ball going is going to have a big problem on his hands with labour so highly organized as it is to-day, and having secured for itself the returns that they get for their labour. But I am convinced that we are not going to get away from this condition to one in which the farmer is going to get his own until labour costs are reduced and thereby freight rates reduced accordingly. It looks ridiculous to the farmer to-day to find himself out about 40 per cent of the peak price that obtained in Canada for his products while labour is still receiving—that is railway labour especially—is still receiving the peak return for his labour. These interests may claim that they cannot afford to reduce the standard of living, but I am prepared to say that the farmer to-day, not simply in the western provinces, where they are confronted with serious problems to-day, but right here in old Ontario, has reduced his standard of living. I know it. He has reduced it more than anyone appreciates. Because in many instances to-day on our farms there are men who are there simply because the man who holds the mortgage has let them stay there. If he closed the mortgage and collected the back interest and the back taxes, right here in old Ontario there would be a considerable number of financial casualties. More than that, the only reason that these men are leaving them on the farms is because if they close on them they will have the property on their hands, and they would not know what to do with it. I do not blame altogether the urban people or those who are not actively engaged in agriculture for their attitudes; they simply do not know, they have not the means of knowing; but, nevertheless, there is no use in winking at the problem. I might say that a week or two ago I had occasion to take two truck loads of my own stock to the Toronto market, a hundred and five miles. I had not marketed any live stock for about four months. I had been watching the markets. I knew the shrinkage of that stock. But it did not come home to me what a licking the farmers of this province are getting until I got my cheque for that stock. It is felt, however, when it comes right home to your pocket-book; it is then that you appreciate it. However, those are the conditions as we find them in Ontario, and something must be done to correct them.

Now, speaking in connection with the marketing of our products, there has been a good deal said of late with regard to the grading of those products, and I am quite aware, Mr. Chairman, that we have had a good deal of expert testimony on this matter. But speaking as a farmer in Ontario, I am going to say that more and more the farmers of this province are being sold to the idea that if they are going to get anywhere in the marketing of their live stock, their stock must be graded, and they must be paid for according to grade. That is the only basis upon which you can encourage any producer to produce the high product that will commend itself to the market. Somebody in the trade has said that the consumer or the customer is always right, and whether we subscribe to that or not, it remains true that practically all merchandising organizations to-day practice that very thing—the customer is always right. If that be true, there is no farmer who can afford to produce any kind of promiscuous product and say that that product ought to be consumed on the market. The thing for him to do is to get busy and find out what the market needs, and then proceed to meet its requirements. The only basis upon which we can arrive at that is by a well constructed and a well conducted grading process. I could go on at very great length in connection with this matter, but I do not consider it is necessary.

Hon. Mr. MOTHERWELL: Do the farmers as a whole in your district believe that?

Mr. AMOS: I would assure Mr. Motherwell that if they are left alone they do.

Mr. BROWN: If they are properly educated they will do it?

Mr. AMOS: It is not even a case of education Mr. Brown. The reason I make that statement is this, that up to a few months ago there were certain interests—and I could never determine just where they originated—that were buying hogs on a flat basis and paying a premium of 25 cents a hundred over the flat. You understand what that means. That is, they ignored the grading. They say that regardless of the hogs you bring in to us we will give you a certain flat price, and on top of that 25 cents a hundred. Now, unfortunately, the farmers in many instances do not figure out just what that means, and they adopt the doctrine that a bird in the hand is worth two in the bush and grab it off. That is the reason I make that statement, that if the farmer is left alone—or in other words, if he understands that grading is in vogue and that it must be conducted—then you will have no complaint, generally speaking, from the Ontario farmer. And, to my mind, there is only one way by which we can encourage him to produce a high class product and that is to pay him for a high class product at its real worth and get back to him also the knowledge of just what his product really was. That is, as I understand it, the endeavour at the present time which is pretty general throughout Canada.

Mr. GARLAND: I would like to ask Mr. Amos a question with regard to that last point, whether this payment of a premium by some interests on carloads of pigs ungraded is not a device on their part to keep off the market certain hogs that would otherwise create a market and create competition in buying. We have found in the west—in the Alberta yards in particular—that if we could secure a sufficient supply, a regular supply of hogs for the market, we had the buyers from Spokane, Seattle and from the coast on the market ready to create and build up a competitive market, and probably raise the prices if the supply was not too large. We found it to be the policy of the local packers to go out into the country and to buy up their hogs and prevent the hogs going on the market in a sufficient quantity to justify buyers coming to us, with the result that they were able to retain a fairly low level of prices, and it was not until the Co-operative organized and had to supply the market steadily that it began to bring the prices to a parity with Winnipeg or Toronto. Is that the factor that may operate in Toronto?

Mr. AMOS: When you use the word "may", yes. It may be operated. There is no evidence that it actually is; but that is the charge that I made repeatedly to the packer representatives, that they were the people who were engineering this factor into the market, and regularly they denied it, and I had to take their word for it. But it was in practically every instance the shipper or drover who was shipping direct to the plant. He was marketing his hogs, or buying hogs on that basis.

Mr. GARLAND: Mr. Brown said that it would be a matter of educating the farmer so that he would see that a steady flow, and not too big a flow, was always going forward to the market?

Mr. AMOS: Yes. Well, I would say that the best educator for that is to get the actual returns in his hands.

Mr. GARLAND: What are these actual returns? You gave the price of 25 cents a hundred premium. Did that not come from the man who sold flat?

Mr. AMOS: Undoubtedly.

Mr. BROWN: Are you thoroughly satisfied that grading by the drover is a practical proposition?

Mr. AMOS: No.

Mr. BROWN: To my mind that is a point to which you should give a good deal of attention. Now, in my judgment the grading should be done at the

stockyard, and when I speak of educating the farmer, I would mean educating him up to a point where he will not sell his stuff to the drover, but will have it graded at the stockyards.

Mr. AMOS: This is what we have been striving for here in Ontario.

Mr. BROWN: You have been striving for it in Ontario. I remember this question two or three years ago when the United Farmers of Ontario took this position that the drover should grade, compelling the drover to give back to the farmer according to the grade that he received. I said that at that time, and I still think I am right.

Mr. AMOS: I think you must have misunderstood the motion at that time, Mr. Brown, because for a good many years back we have striven, and we have been practically the only organization that has adopted it here, that hogs be graded at the market, and that they be marked at the country points and sent in to be graded by an official grader at the market.

Mr. BROWN: That was not the position which Mr. Morrison took when he came before one of our committees.

Mr. AMOS: Well, that is the position we have been taking for some time back anyway.

Hon. Mr. MOTHERWELL: Are not some of the drovers observing it too?

Mr. AMOS: Some. Now, let us get clear on this. Of course, it is all in the regulations, in the Act; but when these regulations were drawn up, as a representative of our organization I contested the order in which they are put there. The first regulation reads—it is section 11:

11. (a) All hogs falling within the provisions of paragraph 2 shall be graded by the shipper before shipment in accordance with the provisions of paragraph 3 and settlement shall be made to the farmer on the basis of such grades.

2. Where the shipper desires to do so—

and so on, that was the bone of contention between our organization and the Joint Swine Committee. They are getting the cart before the horse. "B" should be where "A" is. Instead of putting "Where the shipper desires to do so, he may," put it that "the shipper shall mark all his hogs at the local point, and send forward in his manifest a list of the markings, and that settlement shall be made on grade."

Mr. BROWN: My point has always been that the farmer should be encouraged to take advantage of Section B.

Mr. AMOS: I would not give him the privilege of being encouraged to do it; I would say that he must do it.

Hon. Mr. MOTHERWELL: That is the big stick. Don't you think you had better give him a chance to come in voluntarily?

Mr. BROWN: Would you go so far as to say that a farmer shall not sell his hogs on a flat basis if he so desires?

Mr. MCGILLIS: Why is the shipper held responsible at all. His grading does not stand. The hogs are graded in the stockyard. It is not what the drover says; he cannot grade those hogs; they are graded in the stockyards.

Mr. AMOS: The drover at the local point still buys the hogs on his own grade.

Mr. MCGILLIS: That does not stand.

Mr. AMOS: Not as far as the settlement is concerned, it does not stand.

Mr. MACMILLAN: It stands as far as the price is concerned.

Mr. AMOS: Yes, it stands as far as the price is concerned.

Mr. BROWN: What is the custom in Ontario; is it the custom in Ontario for the shipper to settle at the time the hogs are delivered?

Mr. AMOS: In a great many instances, yes.

Mr. BROWN: The conditions are not the same with us; we always wait until we get the returns.

Mr. VALLANCE: As a general rule are the drovers in Ontario merely the servants of the packers? Do they buy directly for the packers, or are they buying from the farmers and taking a chance in selling to the packers?

Mr. AMOS: The packers have generally denied that they have any definite representatives in the country.

Mr. VALLANCE: They have them in the west.

Mr. AMOS: The feeling among farmers is that inasmuch as these drovers ship regularly to the same plant, that they are representatives of the packer to whom they ship.

Mr. VALLANCE: Would you now suggest that no farmer be allowed to sell his hogs at the flat rate, even with 25 cents premium, or would you compel all drovers to pay to all producers the value of a hog when graded on the market?

Mr. AMOS: That is my contention.

Mr. LUCAS: I think that would be a sound proposition.

Mr. THOMPSON: I think that it is generally conceded that the grading of hogs is a nuisance to the drover.

Mr. AMOS: Yes.

Mr. THOMPSON: And that the farmer is not getting very much benefit from it the way it is at the present time. The drover cannot properly grade hogs. Here are ten or twenty wagons waiting to be unloaded, and the drover is busy weighing them up and writing their cheques for the farmers. He cannot do the grading; it is impossible; it is not practicable for the drover to be grading them at the stockyards. These hogs should be marked and graded at the market and the grade sent back to them at the country point, and relieve the drovers altogether.

Hon. Mr. MOTHERWELL: Is that not the law now?

Mr. THOMPSON: No. It is a pretty hard thing to say that a man cannot sell his hogs where he likes, and that you can compel him to grade them; but I believe that every hog handled by a drover should be marked and sent in and that there should be a return grade for those hogs. Grading to-day is a great nuisance to the average drover, and it puts him in a bad position, because he cannot adequately do it, and to get away from it, he goes out and buys his hogs at a flat rate.

Mr. PICKEL: What the farmers of Quebec object to is that they have to send their produce to the packer to have it graded. They would like to see the grading done and get paid for that grade at the point of shipment. No other system will ever satisfy them. At the present time the trucks are doing the business in the country to the south. If we had a grader it would be done on the track, because you will have a grader at one point on one loading day and another day he would be at a different point. The grading would be done there. As it is now, I think, rightly or wrongly, that the farmer is being euchred.

Mr. BROWN: Some of these things might be practicable in the east and would not be in the west where distances are so great. To my mind it would be altogether too expensive a proposition to ask government graders to be at these different shipping points. We cannot protect the farmers against themselves; we can give them the privilege of protecting themselves by taking advantage of the opportunities we give them. It is altogether impracticable

to have one settlement made on the shipment and a readjustment made when the return comes back. In our part of the country we do not do that. We take our hogs into the market. I never weigh my hogs. I always mark them before they leave home. They go down to the Winnipeg market and I get the scale tickets with the weight and grade of the hogs on those tickets, and I get the settlement from our shipper in accordance with those tickets.

The CHAIRMAN: I do not know whether you are through with the witness or not, but we have with us to-day two gentlemen who have some evidence to give in regard to egg grading. I do not want to shut off the discussion.

Mr. VALLANCE: I would like to ask Mr. Amos one question with regard to shipping cattle to the Old Country. As a co-operative marketing organization have you recently been shipping directly to the Old Country market?

Mr. AMOS: No.

Mr. VALLANCE: You made the statement that because probably of the low prices prevailing to-day in Canada, it was possible to-day to ship to the Old Country market.

Mr. AMOS: It is. It is actually being done. Not by our organization directly, but by the Canadian Live Stock Producers Limited.

Mr. VALLANCE: So that you would say that the main reason why the cattle are going to the Old Country is because of the low prices in Canada; if prices were normal as they were a few years ago, it would not be feasible at all?

Mr. AMOS: It would not look like that.

Mr. VALLANCE: So that the only potential market which we have to-day, taking into account the position of the live stock industry in Canada, is the British market? And then, pointing out as you did, where we were now getting a rate of 15 cents as against 22 cents, and because of the demand of the British market for a lighter steer, the difference of \$6 is eaten up in the smallness of the steer?

Mr. AMOS: Yes. That was the suggestion; but I am not positive of that.

Mr. VALLANCE: It is reasonable to assume that?

Mr. AMOS: Yes.

Mr. LUCAS: I understood you to say you were unable to get the supplies you would like?

Mr. AMOS: Yes.

Mr. LUCAS: Supposing that the stuff is supplied, is your organization ready to supply a steady flow of cattle to the market?

Mr. AMOS: I would say the Canadian Live Stock Producers Limited have an undertaking with the C.W.S. at the present time to take 70 cattle a week.

Mr. VALLANCE: Are you allied with the Canadian Live Stock Producers Limited? Do you buy through them?

Mr. AMOS: We do at Montreal, but not at the Union Stockyards in Toronto.

Mr. VALLANCE: You made a statement about shipping fever. Have they developed any serum for inoculation?

Mr. AMOS: I take it that they have, because I consulted someone in Toronto and he told me it could be done.

Mr. VALLANCE: Would you suggest that all cattle be inoculated coming from the west at the point of shipment?

Mr. AMOS: Yes.

Mr. VALLANCE: Have you experienced this condition for long? It is new to me.

Mr. AMOS: For at least two years back it has been quite prominent.

Mr. MACMILLAN: I might say in that respect that there were a number of carloads brought into our locality last fall, and every carload was inoculated at the Winnipeg stockyards, and as a result of that inoculation none of them contracted fever.

Mr. SIMPSON: I understand that a buyer can have these cattle inoculated at the Winnipeg Yard for an additional charge of 25 cents a head.

Mr. MACMILLAN: Yes. That is right. Now, in connection with the fitting out of these additional ships which I understand the government has decided to pay the expense of, are the shippers allowed to put any more animals in the same space? They used to put from four to six, but at that time the space was for the accommodation of animals that would weight 1,300 or 1,400 pounds. Now, are we allowed to put more of the smaller animals in the same space?

Hon. Mr. WEIR: The standard stall, I believe, was to hold four, and we are allowed to put five in the space of four, and we reduced the price to \$13.

Mr. MACMILLAN: That should solve the problem of which Mr. Amos has been speaking.

Hon. Mr. WEIR: No, the charge on the lighter animals, is, I think, in proportion to weight.

Mr. GARLAND: Is it only the cattle from the west that seem to be suffering from this shipping fever?

Mr. AMOS: Yes.

Mr. GARLAND: No complaints, otherwise, have reached you?

Mr. AMOS: No.

Hon. Mr. MOTHERWELL: They have the same difficulty on board ship; it is a species of seasickness or train sickness.

Mr. GARLAND: Do you think they arrive in the Old Country with this fever?

Hon. Mr. MOTHERWELL: Unless they inoculate them.

Hon. Mr. WEIR: I may say we have made arrangements without any charge for inoculation before shipping from the west, and also shipping here.

Mr. MACMILLAN: You are making arrangements and the government bears the expense?

Hon. Mr. MOTHERWELL: Did you inoculate these shipments?

Hon. Mr. WEIR: No. I meant from the west to the east.

Mr. VALLANCE: Did you do it at Winnipeg?

Hon. Mr. WEIR: We have not done it, because we did not realize there were such losses until the records were received.

Mr. GARLAND: If any complaints are received from overseas, you will be able to do the same thing?

Mr. ROWE: You mean to say that they are all inoculated now?

Hon. Mr. WEIR: In the shipments of feeder cattle from the feeder shows, the expense is borne by the department when the cattle are imported here for the purpose of feeding. If the request is made that will be done. It may or may not be made compulsory.

Mr. MACMILLAN: Then you have not set the date? Formerly it was the 1st of August?

Mr. AMOS: I may say there were two carloads of feeder cattle arrived from the west in our yards yesterday, 33 and 39 head.

Mr. GARLAND: You touched upon the general farming conditions in Ontario in terms, I think, in which most of us who are farmers will agree. I wanted to ask you if you can state to the committee whether there is any single line of agriculture which is paying in Ontario at the present time; what is your opinion?

Mr. AMOS: Of course, I can only answer that in a relative way, because a great deal depends upon the individual who is working the farm—the management and everything else. I would say that a very large percentage are not making any money, but are rather going behind.

Mr. MACMILLAN: With respect to grading, nothing has been said about grading on the rail. What is your opinion of that.

Mr. AMOS: As far as that is concerned, that is what we have been asking for and fighting for, and we are happy to say that the packers are heading in that direction now, and are talking the same thing.

Mr. BROWN: There can be no grading on the rail to satisfy the farmers unless they are willing to wait for returns.

Mr. ROWE: I think that in the Province of Ontario, our experience has been similar to that of Mr. Brown. I think that in many cases farmers have waited for their returns. I have sold loads of hogs and I have waited for the return of the grade. I do not think it would entail any disadvantage on the part of the producer, provided he knew he was getting his proper grade, and got the proper price. He would be paid the flat rate. He could wait for his return of grades from the packer, and be practically satisfied that he would secure a square deal. I think the producers in Ontario would be better off. Personally I am 100 per cent behind grading on the rail. I think it is the only proper way to grade. I think the producer will produce any type of hog which he may learn is required by the market. He will produce that grade of hog more often and will have a more accurate grade. I am 100 per cent behind it, and I can speak for many other districts besides my own. I think it would be acceptable to producers, dealers and packers, and I am glad to know the cooperative organization views it so.

Hon. Mr. WEIR: Here is a point on which I would like to ask the opinion of the committee. The railways have offered this reduction in freight on feeder cattle brought from the west to the east, and shipped for export, and they have offered a reduction of 50 per cent of the freight rate from the east to the seaport in the ship, only to be in force to the end of November. Do you gentlemen think that that would be satisfactory as the same amount of reduction—not percentage of course—to apply from the west to the east?

Hon. Mr. MOTHERWELL: Regardless of the export?

Hon. Mr. WEIR: Regardless of the export.

Mr. MACMILLAN: I think that would be a better plan.

Hon. Mr. WEIR: I wrote the railways to that effect and put that point before them. I do not know whether this committee would have any opinion.

Mr. MACMILLAN: If you could get that arrangement put through it is just as good for everybody who ships animals from the west, and they are left free to do with the animals what they think best in the finishing.

Hon. Mr. WEIR: I think the idea was to encourage. It might have been done to encourage export—to remove as many as possible off our market.

Mr. BROWN: There is no use exporting stuff that is not fit to export.

Hon. Mr. WEIR: There would be an encouragement to export.

Mr. TUMMON: Would not the reduction of freight from the west to the east encourage the eastern farmers to feed here and consequently increase the number of exported animals?

Mr. ROWE: I find myself in agreement with Mr. MacMillan.

Hon. Mr. WEIR: The same amount of reduction—not percentage.

Mr. ROWE: Yes, from the west to the east. If you could secure that in lieu of a similar bonus from the east to the seaboard. Personally, I think it would be much more acceptable to have it from the west to the east, and it is fairer to the western producer. I think it is fairer to the feeder here, because we could do what we please.

Mr. MACMILLAN: There is no doubt but that it would be a great incentive for the eastern feeder and the western grower.

The CHAIRMAN: Would it not depend altogether on where that benefit went? If the benefit went on an increase in price to the eastern feeder, would there be that incentive?

Mr. VALLANCE: It seems to me that our western farmer could get some incentive to ship his cattle east, and the feeder in Ontario would get a portion of that instead of it going from the east to the seaboard. Somebody must get that; it would not go to the producer. I think the shortest way to get it to the producer is as suggested. An exporter may be able to take the rake-off that should go to the producer.

Mr. ROWE: How would you get it back to the producer, the feeder; it would be sold on the open market in Toronto, and very often it would go to the dealer.

Mr. MACMILLAN: When you knew exactly what you had to pay, there is no doubt that competition would send it back to the producer to a certain degree. Mr. Amos, do you think that the producer is getting the price for his live animals that he should get at present when we consider the price that the ultimate consumer has to pay?

Mr. AMOS: No. I do not think you can get anyone in Ontario to believe that the farmer is getting a square deal as far as price is concerned. It is a very difficult matter to trace that back, because whatever notions we may have as to what the costs are from the time it leaves our hands until it gets into the hands of the consumer, we have no means of assessing these costs. We have never had a statement from the packer interests as to what their costs are, and I am quite satisfied that there is a growing feeling in Ontario that if they are not excessive the packers ought to be ready to lay their cards on the table before expert accountants so that we will know whether the thing is genuine or not.

Hon. Mr. WEIR: I understand they have offered to do that.

Mr. AMOS: That ought to be a splendid step in the right direction.

Hon. Mr. MOTHERWELL: I noticed in a dispatch that the live stock producers were purchasing an old building and were fitting it into an abattoir.

Hon. Mr. WEIR: The packers themselves offered to open their books for inspection.

Hon. Mr. MOTHERWELL: Did you notice that item?

Mr. AMOS: No.

Mr. MOTHERWELL: Is that the co-operative you are speaking about; is that the same co-operative—the Co-operative Livestock Producers Limited—that is the same one you have been speaking of?

Mr. AMOS: Yes.

Hon. Mr. MOTHERWELL: As I understood from the dispatch, they bought an old farm implement building, and are reconstructing it into a packing plant. Do you know anything of it?

Mr. AMOS: No.

Mr. MACMILLAN: I might state that the matter which the minister has just mentioned, that the packers will throw open their books is a long standing bone of contention. They opened their books some thirty-five or forty years ago, and the only men who are alive who were on that committee then are Mr. Morrison and myself. The contention then was that the producers were not getting their rights; and whether they put it over us, they certainly made a good job of their business, and I think if the matter is opened and pursued again that their books should be gone over by expert accountants. We spent three-quarters of a day on it and it was impossible for us, not understanding the situation, to cope with these men.

Mr. TUMMON: I would like to move a vote of thanks to Mr. Amos for appearing before the committee.

I understand that there are some other witnesses to appear before the committee and the hour is getting late, and I think we ought to hear them now.

Mr. SWANSTON: I second that motion of thanks.

With regard to the shipping of live stock overseas and the procuring of space, I understand that the commission firms have secured space in the past. Has the Farmers Co-operative Company in Ontario ever made an effort to secure space for the shipment of stock?

Hon. Mr. WEIR: In the Farmers Co-operative, the Live Stock Branch?

Mr. AMOS: No, we have not directly tried. But through the Canadian Live Stock Producers, Limited, we have. We have been working on that and it has cost us a great deal of concern, on account of the arrangement we have at the present time.

Hon. Mr. MOTHERWELL: There is another question I would like to ask Mr. Amos. He intimated at the beginning of his evidence that the farmers of Ontario were reducing their standard of living. In what way did they begin? In cutting out tobacco or gas and leaving the automobile in the shed a little longer? We do not know where they begin. Some of them are cutting out their tobacco, I see.

Mr. GARLAND: Mr. Chairman, I do not think Mr. Motherwell should ask a competitor to publish his trade secrets.

Hon. Mr. MOTHERWELL: This is not a trade secret.

Hon. Mr. WEIR: I think we are all in accord in thanking Mr. Amos for coming before the committee.

The Chairman has informed me that there was one question touched upon before I came, that is the question of space for cattle. That is giving us more work personally than anything else this Spring. Back in March, when the boats were sailing to Saint John, I endeavoured to get certain organizations then, even at a loss, to contribute certain shipments to keep these boats. One boat could only get 76 head, and another boat got, I think it was, 82 head.

I think if there is any benefit at all, if there is one benefit more than another that organizations such as live stock co-operative organizations can render to the farmers in getting rid of their products it is their organization that puts them so closely in touch at all times with opportunities to dispose of their cattle and other produce; and I think if there was some educational work done by the co-operative along that line of educating the farmers—I do not like that term—of putting before the farmers the necessity of working as a successful private interest does that seems to beat us out so many times, in being able even to sell a small amount at a sacrifice so that the price would be maintained and so that we would be able to maintain this transportation to the Old Country, especially at the present time. For a certain organization in the West we held

space for 300 head of cattle until two or three days before the boat sailed, just because we felt that they didn't realize the scarcity of space.

I have made different trips to Montreal in this connection, and we have had different shipping concerns here.

Some ten days ago we were very worried because we felt that there was a movement on foot by certain lines to charter other boats in order to get a monopoly and raise the freight to \$20. We are willing to go almost any distance to prevent that, especially at the present time since the foot and mouth disease has had such a disastrous outbreak in Ireland and in England and also in Scotland. That gives us a hope of a market for sixty days at least, and I think few people expect that the quarantine will be off within sixty days. I made that announcement through the press, because cattle can only be slaughtered now upon arrival.

We have now eleven boats in place of the original five boats on the original Manchester Line, which have promised us to go into the carrying of cattle to the old land. Two or three extra boats in the month of July, and that is when we are particularly anxious to get them, will help out. One of our biggest problems is to prevent any one organization getting a monopoly on any one boat or any line of boats. We did not want to go into the shipping for ourselves; we would be flooded with applications from all over the country, but I think I can assure the committee of this, that we have taken every means possible to give the best facilities to Ontario shippers, Western shippers and organizations, and we have also reserved a certain space on each boat for farmers themselves who have lots of cattle.

An Hon. MEMBER: Do I understand, Mr. Chairman, that it is said that all the cattle are slaughtered on arrival?

Hon. Mr. WEIR: Yes.

An Hon. MEMBER: So that all that are being shipped now are finished beasts?

Hon. Mr. WEIR: Yes, I made that announcement through the press.

The satisfactory thing about it for us, as far as we are concerned, is that our big fight has been in trying to get equal rights with the Irish cattle, and this is the first time it has ever been nailed down to the Irish cattle as starting the foot and mouth disease in the Old Country.

An Hon. MEMBER: Is the space entirely booked up? Are they sending all the boats full.

Hon. Mr. WEIR: Yes, all the boats are full now. They could take more.

The CHAIRMAN: Gentlemen, you have heard the vote of thanks to Mr. Amos.

Hon. MEMBERS: Carried.

Mr. AMOS: Thank you. I am sure it has been a great pleasure to me, on behalf of my fellow farmers, to have the opportunity of presenting their case to this committee.

The CHAIRMAN: Now, if you will come to order again, we have two gentlemen from just out of Ottawa, who are egg shippers. The sub-committee thought it would be wise to call them in, if we had time to hear them this morning. Is it your wish to hear Mr. West, of Almonte?

Hon. MEMBERS: Carried.

Mr. W. WEST (*Almonte*): Mr. Chairman and gentlemen: I have not the qualification of being a public speaker, but it is a matter of my being a retailer and buying eggs directly from the farmers, and there are some little things which I would like to call to the attention of the committee in regard to the buying of eggs from farmers and the shipping of the eggs again to the packers.

The Act, of course, is one of the best Acts which has ever come into force, in regard to taking care of our eggs.

Section 8, subsection 3, reads as follows:—

(3) A consignee of ungraded eggs transferring the same to another party for candling and grading shall make the transfer within 72 hours from the time the eggs are delivered to the consignee. The Minister, or his representative, may require to be notified in the case of such transfer, and may prescribe the conditions under which such transfers may be made.

That is, the merchant must not hold his eggs longer than 72 hours. Those eggs are then sent to the packers; the packers then grade those eggs and send back the returns. This is the condition under which you have to ship your eggs. The manipulation of returns to equal an agreed upon price, or the payment of a guaranteed price, or a flat price, or a uniform price for ungraded eggs is hereby prohibited. A merchant cannot to-day buy from a farmer a case of eggs, any number of eggs, at a flat price; and this is the way they have to be bought:—

No person shall make any advance payment for ungraded eggs in cash, by check or other negotiable instrument, in merchandise, or on account at or prior to time of delivery, or prior to candling and grading, in excess of 60 per cent of the total value of the eggs computed at the price per dozen for the grade "Firsts" appearing on the statement. Final settlement for ungraded eggs shall be made within fifteen days of date of delivery, provided that on written approval of the Minister or his representative final payment may be deferred for a period longer than fifteen days.

The merchant must ship his eggs in 72 hours, and the packer may pay for them in fifteen days. Now, there is one point that has been brought up, that the merchant should keep a grader in his store.

On a busy Saturday night when fifteen cases of eggs come in, the clerks are busy and they are rushing around to take care of their trade, and 450 dozen of eggs coming in within one or two hours, you could not go to the expense of keeping a grader there to take care of those eggs. You take in the eggs and pay for them, and you must not ship them unless you ship them to the packer, and the packer will pay you 60 per cent of the money down and the balance in fifteen days.

There might be a little more freedom given to the country merchant or the country buyer in the grading of the eggs. I do not think there is a better thing than the packing of eggs; he sells them as specials, firsts, and so on and cracks, which the bakers buy chiefly.

If you buy a case of eggs from a farmer you must ship them down; and the return which the farmer gets back from this system is not the value of his eggs. That is a point which I make. I think if it is at all possible, the country merchant should be allowed to buy the farmer's eggs directly from the farmer. We should not interfere with the packers who are grading the eggs, for re-sale. But this matter of penalizing the merchant, the buyer and keeping them living in fear all the time lest the inspector may come in. We are getting word every day of where they are breaking some clause in the Act in the way merchants handle the eggs.

You have to take your returns from the grader; he is not grading those eggs for the farmer, but he is grading them for himself. We are not accusing him of doing anything wrong.

We have had an instance of five cases of eggs tested by the inspector, and those five cases showed 60 per cent of firsts; and they were shipped to the regular packer and when the report came back it showed 60 per cent seconds, and about 30 per cent firsts.

If there was a scheme possible by which eggs might be shipped directly to a government inspector and the government inspector sent back his report to you, then the farmer would be getting his proper dues. In the other case you must grade your price on what the packer is willing to pay you on the grades he pays you for.

I would like to see that clause cut out, so that a man could buy his eggs, and that the packer might grade the eggs for re-sale, but not penalize the merchant because he wants to give every cent to the farmer. The greater the income the farmer will get from the merchant for his product, the greater the amount of money he will have with which to deal with the merchant. The clean-cut, honest farmer wants to pay his way; but if he is only getting \$15, instead of \$50, he has only got \$15 with which to buy goods.

We think if we are buying those eggs directly from the farmer and are able in competition to sell them to any person who comes to buy them, that would be a very much better proposition than what we have at present.

Hon. Mr. MOTHERWELL: What you are really asking for is that the merchant be permitted to buy on the flat rate basis?

Mr. WEST: Yes.

Hon. Mr. MOTHERWELL: That is the whole idea that we are trying to get away from. Buying on a flat rate basis for anything does not encourage equality; and the whole purpose of this grading system is to pay farmers on the basis of quality.

Mr. WEST: That is perfectly all right, on a grading basis.

Hon. Mr. MOTHERWELL: You are asking that you buy them without grading?

Mr. WEST: Yes, but this is putting it into the hands of a man who grades for himself. We want to have the farmer get a proper price.

Hon. Mr. MOTHERWELL: The farmer has the right to grade for himself.

Mr. WEST: As you were told in connection with cattle, the farmer is not permitted to grade for himself.

Mr. SHAVER: I would like to ask, what is your opinion as to the quality of farmers' eggs? I have been handling eggs for about the last twenty-five years in fairly large quantities, about the same as you mentioned. What is your experience with regard to the quality of eggs produced by the farmer? Is he bringing you a better quality of eggs now than he did formerly, or are they about the same?

Mr. WEST: I am rather of the opinion that the farmer is educated up to the better article, and I think he is bringing in eggs of a better quality now than he was. But he is not being paid for that experience and care.

Mr. THOMPSON: Is it your desire to have the eggs graded by an impartial grader, that you would like to see an independent grader?

Mr. WEST: That would get you proper returns and exactly what the article is worth.

Hon. Mr. MOTHERWELL: Who would that be done by—by the Government? The Government inspector sees that they are graded right, but they do not grade the eggs.

Mr. WEST: If you take it in Ottawa, the farmer must go over to the house where the eggs are being inspected and marked; and then he goes back to his place on the market to sell the eggs. We think we can pay more money on the market to the farmer for his eggs and then ship them to the packer to be graded for resale. I do not think the farmers would take advantage.

Hon. MEMBER: You are not advocating doing away with grading?

Mr. WEST: Not as far as reselling is concerned.

Mr. BROWN: I think your objection is that in connection with the country merchant taking in eggs on a Saturday night, the Act is not practicable.

Mr. WEST: It certainly is.

Mr. BROWN: I am always at sea in connection with the grading of eggs, because eggs are something which will not stay put; they may be graded to-day and may be off to-morrow. You have the same difficulty there as you have in connection with the grading of hogs by the drover.

Mr. WEST: Just exactly the same difficulty.

Mr. BROWN: Exactly the same difficulty; and if the grading is to be done it might very well be done by a man who grades them for re-sale as is done in the case of the Government grader of hogs. I think no assistance has been given to the farmer. Of course by grading the quality of the production is being increased.

Mr. TUMMON: One of the weaknesses, Mr. Chairman, it seems to me of both the egg grading system and the hog grading system is that there are two or three graders. The farmer may grade them, but his grading is not accepted. The drover grades the hogs as he buys them from the farmers, but his grading is not accepted. Until you can overcome that difficulty, you will not have matters satisfactory.

Mr. WEST: We could do it on a flat rate to-day, if we would not be violating the Act, and could take the eggs onto the open market. We do it to-day by shipping them to the packers and allowing them to give us the returns.

In Ottawa and Montreal and other points where these men are competing for eggs, that can be done. We are always anxious to put on a good article. I had a buyer come in this Spring and say, "I would like to contract for your eggs for the whole season." I said that would not be satisfactory because somebody else might offer more money. He said, "We get a higher quality from you."

That has all been done by educating the farmers, we know that; but the difficulty is through permitting the packer to send you back his return.

Mr. PORTEOUS: We all know that the more grading there is, the more spread there is between what the producer receives and what the consumer pays. With the system of grading, there is no competition. I think you should permit in the Act that they may sell eggs ungraded, provided the consumer is willing to take them as ungraded. You could go out on the market and pay a higher price if you could sell them as ungraded.

An Hon. MEMBER: That is what you do to-day. You take the eggs ungraded, but you have to take the grade which the packer will give you, and that grader does not grade for anybody only for a profit to himself. As sent to the packer they are marked on the case "ungraded eggs" by a stamp which Mr. Newman gave to be used to ship to the packer.

An Hon. MEMBER: I understand it is a violation of the Act for a producer to sell eggs to the consumer ungraded.

Mr. WEST: Yes, that is correct.

Mr. PICKEL: Mr. Chairman, this Act seems to have been brought into force on the assumption that the farmer is a crook. The Egg Grading Act in itself has been one of the most iniquitous Acts that was ever forced on the farmers of this country. The grading is done at the packer's plant by a man employed by the packer; he is not a Government man; he is simply an agent of the packer. The farmer may be a knave, but he is no fool. He is not going to send out a poor article. I have experienced, and I can bring you witnesses before this committee who will swear that they have sent crates of eggs, all

selects, laid that morning, reaching the Montreal market before noon; and they would receive a return showing so many selects, so many firsts, so many seconds, so many cracked, so many leakers, and so many rotten.

Mr. WEST: That is it, exactly.

Mr. PICKEL: The next day he would pick up a little crate of eggs and get as good returns as on his whole lot. You cannot find a dealer in the Eastern townships but loses money on his shipments of eggs to Montreal. The whole thing is left right in the hands of the packer, and that is very unsatisfactory to the farmers. The farmer likes to know that he is getting full value for his eggs. No doubt, perhaps, the Egg Grading Act has improved the quality, but if a farmer is looking for trade, he is not going to send rotten eggs to market; and those farmers, after they have been in business for a little while, can grade their eggs pretty well themselves, but their grade is never accepted and they never get paid for their grade. My idea of the solution of the thing would be for the farmer to sell his eggs ungraded, to sell them by the pound, in any way to get away from the grading system and let the farmer get what is in it for him.

The CHAIRMAN: I think we should have a report from the sub-committee, if they have any more witnesses.

Mr. WEIR (*Macdonald*): Mr. Chairman, do I understand that the country merchant, when he takes in country eggs, is obliged to make a settlement back to the farmer on the basis of the grading which he receives for those eggs?

Mr. WEST: No, he averages up as nearly as he can on the return he gets back. He really buys them on a flat rate.

Mr. WEIR (*Macdonald*): He is obliged to buy on two grades?

Mr. WEST: Yes, he is, but you cannot grade up high enough on the returns you get back. The only way you can get them is on the return which you get back, and you have to pay your flat rate, buying on the return which you get back, and that does not raise the price high enough on the article.

Mr. WEIR (*Macdonald*): We have another situation in the West which works out to our satisfaction, and that is that the Poultry Pool has established grading stations in several parts of the Province, and the local people bring in their stuff, and it is shipped in by express, and shipped out in carload lots; then the farmer is settled with on the basis of the actual grade, which, I gather, has worked out pretty satisfactorily for us.

Mr. WEST: That makes it too expensive for each country merchant to have a grader to handle his stuff.

Mr. PECK: And even his grading would not be accepted.

Mr. PORTEOUS: As a producer of eggs and also as a consumer of eggs, I am selling eggs at home for twelve cents a dozen, and if I want to buy Extras here in Ottawa at the store, they cost me twenty-four to twenty-eight cents. My idea is that if the producer could, under the Act, sell his eggs to that store as an ungraded product I could go and purchase them, knowing that they are ungraded, and that there would be far less spread in the price.

Mr. WEST: That is the point exactly.

Mr. TUMMON: The sub-committee have been rather hampered in knowing what witnesses to bring here, owing to the fact that we did not know how long Mr. Amos would take with his evidence. We have no witnesses ready to call next week. I think the idea is not to stay too long on eggs. There is grain and such like to be brought on.

Will the committee give the sub-committee the privilege of arranging for witnesses for the next meeting?

Carried.

The CHAIRMAN: It will be left in that way, and the meeting is adjourned.

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Publications

SESSION 1931

HOUSE OF COMMONS

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

1931

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

THURSDAY, JULY 2, 1931

Order of Reference—*Re* Handling and Marketing Agricultural Products

WITNESSES:

A. W. Ault, Egg and Poultry Division, Dept. of Agriculture.

A. A. MacMillan, Chief of Swine Division, Dept. of Agriculture.

Filed: Memorandum of Regina Board of Trade.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1931

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

THURSDAY, July 2, 1931.

The meeting came to order at 11 a.m. Mr. Senn presiding.

Members present, Messrs. Blair, Bowen, Boyes, Brown, Carmichael, Cayley, Coote, Gobeil, Lucas, Mullins, Myers, Pickel, Porteous, Senn, Simpson, Sproule, Stirling, Tummon, Weir (Macdonald).

The chairman presented two several documents received by him which were ordered filed, viz.:—

A memorandum from the Regina Board of Trade, and The Fourth Annual Report of Canada Packers, Limited.

Mr. Tummon for the Subcommittee on Witnesses, reported recommending that representatives of the Wheat Pools and the Grain Trade respectively, be invited to appear before the committee on Wednesday and Thursday, July 8th and 9th.

Report Adopted.

Mr. A. W. Ault of the Egg and Poultry Division of the Department of Agriculture, addressed the committee and submitted to questioning.

Mr. A. A. MacMillan, Chief of the Sheep and Swine Division of the Department of Agriculture, was re-called and further examined.

The meeting adjourned, sine die.

A. A. FRASER, *

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

THURSDAY, July 2, 1931.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., Thursday, July 2, 1931, Mr. Senn in the Chair.

Order of Reference—the Marketing and Handling of Agricultural Products.

The CHAIRMAN: I would like to say that I have a communication from the Regina Board of Trade signed by the Secretary, Mr. Puckering, recommending the establishment of a Produce Export Board. I will file this with the committee. Possibly some of you have received this memorandum. In addition to that I have a letter from Mr. Todd, Secretary of the Industrial Development Council of the Canadian Meat Packers, containing the fourth annual report and balance sheet of the Canada Packers Limited. He says that he is in a position to furnish each member of the committee with one of these reports if the committee wishes. I will also file this with the Clerk.

(Discussion then took place on the calling of witnesses and the committee concurred in the recommendation to devote next Wednesday and Thursday to hearing witnesses in connection with grain, and wheat in particular.)

The CHAIRMAN: Now, it was the desire of the sub-committee at the last meeting to call witnesses for to-day, and it was decided to have with us again Mr. MacMillan, of the Swine Division, Mr. Brown of the Poultry Division, and also Mr. McIntosh, Fruit Commissioner. Mr. MacMillan is here, and Mr. Ault replaces Mr. Brown. I understand that Mr. Ault is rather busy this morning, and if it is the desire of the committee, we will call Mr. Ault first; and we will ask him to explain to us the matter of Provincial and Federal jurisdiction.

Mr. W. H. Ault, called.

Mr. AULT: Mr. Chairman and gentlemen, we have in connection with the application of the standards two sets of regulations. There are regulations that were promulgated on April 26, 1924. They were approved by each and every one of the Provincial Legislatures of Canada, and were effective in all provinces until 1929 when amendments were introduced. These amendments were approved by promulgation of all the provinces with the exception of Ontario and Quebec. Owing to the peculiar wording of the enabling legislation in Ontario, the 1924 regulations still remain in effect in Ontario, and these are the regulations that are being applied in that province. When the amendments were passed in 1929, they voided the 1924 regulations as far as the Province of Quebec is concerned. In fact all provinces with the exception of Quebec and Ontario, have passed enabling legislation which the 1929 amendments effected. The Ontario enabling legislation was worded in a particular manner; and just to show you on what we hinged our law in Ontario, I will read a portion of the first clause of chapter 30 of the Live Stock and Live Stock Products Act of Ontario:—

1. The provisions of the Live Stock and Live Stock Products Act, enacted by the Parliament of Canada and the amendments heretofore made thereto, so far as any of them are within the legislative competence of this Legislature, shall have the force of law in the Province of Ontario as if enacted by this Legislature shall remain in full force and effect in this province.

Mr. PICKEL: Have you any concurring legislation from the province of Quebec at all?

Mr. AULT: No sir, we have not.

The CHAIRMAN: Would you explain why it is necessary to have this enabling legislation?

Mr. AULT: In as far as our regulations are concerned, those apply to Inter-provincial trade, export and import business. The Federal Legislation is good throughout Canada, but there are clauses in the regulations applying to domestic trade, and that is considered to be a provincial matter which has required enabling legislation from each one of the provinces.

Mr. TUMMON: So as to make the regulations universal?

Mr. AULT: Yes.

Mr. COOTE: Can you enforce your regulations in Quebec?

Mr. AULT: Only morally. We have no legal standing in Quebec.

Mr. TUMMON: Did I understand that there was a difference between the enabling legislation in Ontario and the other provinces?

Mr. AULT: Yes.

Mr. TUMMON: Can you say what the difference is?

Mr. AULT: The difference is in the wording. There is a similarity in the wording with the exception of this part, "shall have the force of law in the province of Ontario as if enacted by this legislature and unless and until otherwise enacted by this legislature shall remain in force and effect in this province." They took our legislation and regulations of 1924 as their law, and their regulations, and made them effective in Ontario "unless and until otherwise enacted by this legislature."

Mr. TUMMON: Then I understand that if you have different regulations in 1929—different to what were in effect in 1924—there would have to be special legislative action in Ontario to make them effective?

Mr. AULT: It may be approved in Ontario by promulgation.

Mr. PICKEL: It never has been approved?

Mr. AULT: It never has been approved.

Mr. BLAIR: Are these the only provinces that have not complied?

Mr. AULT: Yes.

Mr. TUMMON: Could you tell us the difference between the 1924 regulations and those of 1929?

Mr. AULT: In 1924 we found—these were the first regulations introduced—we found that after practical experience in their application, and after acquiring practical experience, that there were loopholes through which some of the traders could crawl. The purpose of the 1929 amendments was to close up all those loopholes, and to correct what we found it very difficult to apply in the way of enforcement in the 1924 regulations.

Mr. GOBEL: There was no difference in the grading—just in details?

Mr. AULT: Yes, just in the details; the grading remained the same as it was when the regulations were first introduced and the standards were first introduced in 1915. There has been practically no change whatever.

Mr. COOTE: Is it a fact that if this law were strictly enforced no eggs could be sold that were not graded and labelled?

Mr. AULT: That would be a fact in all provinces except Ontario and Quebec.

Mr. COOTE: Are you enforcing that law strictly, say, in the Prairie Provinces?

Mr. AULT: Well, we are endeavouring to do so. There are instances when I do know that there have been irregularities, and while we have the authority

to prosecute for some of those irregularities, we have not adopted that authority unless we were absolutely certain that those people contravening the regulations were doing it deliberately.

Mr. COOTE: Well, if people in Alberta sell eggs that are not graded, does your department make an effort to prosecute those people?

Mr. AULT: We make an effort to correct the wrong practice—to point out to those people the desirability and necessity for compliance with the regulations. Probably, on a third offence there will be a prosecution.

Mr. COOTE: What harm could be done if you allowed ungraded eggs to be sold if they were labelled "ungraded"? A man can take hogs down and sell them without having them graded locally, but he cannot do that with eggs. I am trying to find out why the department insist on that part of their grading system. It seems to me they are making a mistake.

Mr. AULT: The principle underlying the adoption of these standards was to get to the producer the premium for quality that the consumer was willing to pay. Now, a consumer may go to a retail distributor to-day and may ask for a crate of extras. Now, if those extras are properly graded, they are separated from the general run of eggs, and the consumer will get what he asks for. There are lots of small communities where nobody is expert in grading eggs; and in some cases eggs are shipped away fifty or sixty miles to a city, graded there, and shipped back to the small community and sold as graded eggs, and the consumer is paying more than twice for those eggs what the producer got for them. The trader as well as the retailer would be quite satisfied to sell ungraded eggs that were labelled as such. What harm could that do?

Well, the principle involved in the regulations would be destroyed in that locality. In the first place, the merchant trading with those people is at fault in allowing conditions like that to obtain.

Mr. COOTE: In what way is he at fault?

Mr. AULT: Usually a merchant in a community like that is a leading citizen. and the producer should candle and grade his own eggs and sell something of a definite quality, and he will, according to these regulations, pass that article on to the first receiver.

Mr. PICKEL: The producer can grade his own eggs, but will that grade be accepted? It is not with us.

Mr. AULT: In a great many cases that grade is accepted. There are many instances where it is not accepted.

Mr. BLAIR: What does the regulation call for?

Mr. AULT: The 1924 regulation—there is nothing definite stated there. It is inferred that the producer should candle and grade his own eggs. On the 1929 amended regulations it is stated definitely that it is the producer's duty.

Mr. COOTE: In what other line of agricultural production do you expect the producer to grade?

Mr. AULT: That is a big question.

Mr. COOTE: It is much easier to grade potatoes than eggs; but you do not allow them to do that.

Mr. AULT: The producers are given all the assistance that we can possibly give them to candle and grade their own eggs, and they are encouraged to do so.

Mr. COOTE: I do not see how you are going to give those producers any assistance in candling eggs.

Mr. AULT: We do.

Mr. COOTE: How many thousands of producers have we got?

Mr. AULT: We cannot reach them all; but we have various organizations—there are various organizations, farmers' organizations, producers' organiza-

tions and so on that we visit. We visit as many of them as we possibly can throughout the country, giving candling and grading demonstrations, and all the information we can possibly give. We have been endeavouring to disseminate that information for the benefit of the producer and the consumer. One of the principles laid down is to get back to the producer the premium for quality that the consumer is quite willing to pay, and that the producer is certainly entitled to. If they are paid for all eggs on a flat rate, an average price, what encouragement is there for the producer to keep on producing a quality product?

Mr. COOTE: I do not want to prolong this discussion. At the same time I feel like impressing on this committee the need of changing the regulations to allow for one grade of eggs which I suggest might be called "ungraded eggs." Now, I would like to have from you your objection—the objection of your branch to that change in the egg grading regulations?

Mr. AULT: Well, we believe in a standardized product altogether; and an ungraded egg going through a different channel of trade is going to hurt the consumptive demand. We have in Canada the largest per capita consumption of eggs of the whole world to-day, and that has been built through giving the consumer an egg of definite quality.

Mr. COOTE: At home, in our own case, while we are living in town part of the year, we buy all our eggs ungraded. We never think of buying graded eggs. I suppose the law is being contravened?

Mr. CARMICHAEL: Is there any special equipment necessary for the farmer to have for the candling and grading of eggs?

Mr. AULT: Oh, yes, there is a candling appliance that is necessary.

Mr. CARMICHAEL: The producer would have to purchase this equipment to comply with the Act?

Mr. AULT: We distribute candling appliances made out of cardboard for either electric light or coal oil lamp.

Mr. CARMICHAEL: And instructions as well?

Mr. AULT: Instructions for the candling and grading of eggs.

Mr. CARMICHAEL: These are supplied free by your department direct to the producer?

Mr. AULT: Direct to the producer. All we require is an application form, and we distribute them. Some of the larger concerns write in and ask for fifty or a hundred for distribution; but we prefer to distribute them direct from this office.

Mr. CARMICHAEL: Well, then, there is another question: is the candling and grading so simple an operation that any ordinary—shall I say—hayseed might do it?

Mr. AULT: Until the middle of March, April and May, the quality of the product coming through is uniformly good, and there will be no difficulty; after you move into warm weather the climatic conditions have more or less effect on the quality of the product, and it becomes more difficult.

Mr. CARMICHAEL: So far as my district is concerned I think there is only a small percentage of the farmers who grade their own eggs, and they are selling them too.

Mr. BLAIR: Are they bound to accept the grading of the individual farmer?

Mr. AULT: No.

Mr. BLAIR: There seems to be too much of a spread between the two.

Mr. PICKEL: The practice in my section of the province is this: the producer will grade his eggs; that crate of eggs, laid that morning, will be picked up and sent to the city and reach the Montreal market before noon. The farmer

will get a return in a day or so. All the graders are employed by the packer—not by the government—they are paid by the packer and the commission men—and ninety-nine times in a hundred the crate of eggs will contain rotten eggs, cracked eggs, leaky eggs—just about a blanket grade. Now, the farmers are not satisfied with that condition of affairs. I have seen tested out a crate of eggs which were selects according to the producers grading—not only one, but two or three different producers of poultry, and according to their ideas of grading they had sent a crate of selects; but they would not get any better return the next day than when they sent a crate of small eggs, inferior ones. That was done just to test out the grading in the city. The grading is done by a clerk in the employ of the packer. That kind of thing will not do. It might possibly be all right, but it looks fishy on the face of it. The farmer is perhaps of a suspicious nature, but in that case he was entitled to be suspicious.

MR. COOTE: Mr. Pickel's statement leads to this question: supposing that a farmer grades his eggs and calls them extras. Now, in a case of twelve dozen suppose there turns out to be six or seven eggs that are not extras; they are stale eggs. I do not see how we are going to maintain a grading system where you allow the producer to do that. It is rather absurd.

MR. PICKEL: I have watched the grading consistently.

THE CHAIRMAN: On the other hand, is there any check on the packer?

MR. AULT: We have had conditions such as were mentioned brought to our attention, and we have endeavoured to correct them in so far as we are able to do so. I might say that in the city of Montreal in the early spring time, a lot of these shipments come in by express, and we have our inspectors at the different express sheds making an examination of the grading that has been done at the point of origin, from the producers, and then we follow that up by following the shipment to the delivery point, and checking up on the grading that is given back. We have found such conditions, and we have brought them to the attention of the dealer, and we have corrected some of their methods, so that in a great many cases, I would say, these methods have been corrected to such an extent that a more satisfactory grading has been going back to the producer.

MR. WEIR (Macdonald): Is there certain information to indicate what that grade was when it was shipped?

MR. AULT: The information would be marked on the container—fresh extras or fresh firsts.

MR. WEIR: That might be all right for a thirty dozen case of graded eggs. Take the ordinary farm shipment of eggs, there would be two or three grades at least.

MR. AULT: Usually these are just shipments that have gone through where the container has been marked. If there were two, three or four grades, the probability is that the container would be marked "ungraded eggs."

MR. STIRLING: If the department recognizes the producer as a grader of eggs, how can anyone else have the power to change that grade at will?

MR. AULT: Well, it is done at the shipping point, subject to the grading at the point of shipment. We have been called upon to check over that grading, and we have been obliged to confine it to five cases or more. If we find the grading correct, we issue a certificate that this grading was correct at the point of shipment. Now, we could not be responsible for what might happen to those eggs after they were shipped.

MR. BOYES: It really resolves itself into this; if the producer happens to be a little off edge in an honourable way, or if the receiver happens to be that kind of man, it is a very hard thing to correct.

MR. AULT: It is hard to recognize—

MR. BOYES: It is hard to get justice.

Mr. PICKEL: It simply amounts to this: that the producer sends his product to the city, puts it into the hands of the commission man, and the commission man grades as he pleases. The butter business, the hog grading business and the egg grading business amongst our farmers is looked upon as a perfect farce; none of their grades is accepted in the city. Nothing that is bought in the country to-day is graded; it is all graded in the city.

Mr. PORTEOUS: You made the statement that by allowing ungraded eggs to be sold you would destroy the Act—you would destroy the principle of the grading system. Now, my idea is this, that it would only destroy that principle at the option of the consumer or the buying public, and if the egg grading system is not proficient enough to stand up against competition of the ungraded product, it is no good. The consumer can decide for himself whether or not he buys a graded product or an ungraded product, provided you allow the sale of the ungraded product.

Mr. BOYES: What has been the increased consumption of eggs since this grading system was introduced in comparison with before, as far as Canada is concerned?

Mr. AULT: I have not the exact figures—about 200 per cent increase.

Mr. SPROULE: It would depend on the consumption of course.

Mr. AULT: It is surprising. I do not think our consumption this year, because of the low price is going to be as substantial as in the past years.

Mr. SPROULE: You would think people would eat more when they are cheap.

Mr. AULT: You would think so, but they haven't got the money to pay for them.

Mr. LUCAS: How many government graders have you?

Mr. AULT: We haven't any. The whole staff consists of forty-nine inspectors scattered from Vancouver to Halifax.

Mr. LUCAS: Is it possible to have a uniform grade for thousands of producers?

Mr. AULT: Yes, we have many co-operative organizations where producers have banded together for their protection. And they have been shipping for some years now. They started first in Prince Edward Island, and they have scattered all over the country, and they ship to distributing points their inspected products that are paid for at the point of shipment on the grading that is done by one or more of their own number who have been delegated to do that grading.

Mr. LUCAS: That might be a co-operative company dealing in a large enough way to employ an expert grader of their own.

Mr. AULT: Further than that, there are farmers that undertake to market eggs for three or four of their neighbours. The eggs are brought in candled and graded; but they are not a proper co-operative organization. That is, they do not hold regular meetings.

Mr. TUMMON: The grading is done not by each individual producer, but by one of the members?

Mr. AULT: Yes.

Mr. BROWN: In those cases the eggs would be shipped to a large market?

Mr. AULT: They are not sold locally.

Mr. BROWN: Is it really a practical proposition to ask the country merchant to grade eggs for local sale, or for any sale?

Mr. PICKEL: Whether it is practical or not, his grading is not accepted.

Mr. AULT: The country merchant is under the obligation of selling to the consumer a properly graded product?

Mr. BOYES: The country merchant is supposed to grade the eggs that come into his store?

Mr. AULT: If they are sold—

Mr. BOYES: For shipment?

Mr. AULT: No. He is not under direct obligation to do that; he can delegate that duty to the small distributor.

Mr. TUMMON: He must buy them as graded eggs?

Mr. AULT: Not necessarily. He does not buy an ungraded product. He may give them an advance—mark it on his check pad that this is an advance, and that settlement is to be made when he has received the grading of his product. That is, where he is not grading himself, he is going to send them on to the wholesaler.

Mr. TUMMON: Supposing I am a country merchant, and that there are a dozen farmers or producers coming in on one evening, and that one has five dozen and another ten dozen; how is the country merchant to follow the line you suggest?

Mr. AULT: The regulations provide for all small lots of less than fifteen dozen. They can be pooled. There is no actual identification of the small lots. All lots of fifteen dozen or more must be identified.

Mr. TUMMON: Can he buy less than fifteen dozen from the producer on grade?

Mr. AULT: Yes, he can, in Ontario.

Mr. COOTE: What about Alberta?

Mr. AULT: In Alberta, as I said, they have got to be pooled.

Mr. COOTE: You may be pooling bad eggs and good ones.

Mr. AULT: No, not bad eggs. He may be paid an advance on those eggs.

Mr. BROWN: How can they pay a farmer on small lots of four, five or six dozen?

Mr. AULT: The average price.

Mr. CAYLEY: Has the Province of Ontario passed legislation making it compulsory?

Mr. AULT: The standards are applicable. The candling and grading of eggs are undoubtedly compulsory.

Mr. CAYLEY: Have they passed legislation making it compulsory?

Mr. AULT: I just read an extract from their Act which makes the 1924 regulations applicable in Ontario.

Mr. CAYLEY: When was that passed?

Mr. AULT: 1927.

Mr. PICKEL: The witness we had before stated the facts as they are in the country sections. He said that if it were not for the grading they could pay a better price to the farmer. They pay a price to the farmer—they do not pay him an initial payment. They pay on a safe basis, and as a general rule it is less than the farmer should get. If it were not for the grading, the producer would get more.

Mr. CARMICHAEL: In the Prairie Provinces, supposing the producer of eggs sells them direct to the merchant or the individual customer in a town without grading, is that producer of eggs liable to any penalty?

Mr. AULT: Not on direct sales from the producer to the consumer.

Mr. CARMICHAEL: Or to the town merchant either?

Mr. AULT: If he is selling through the merchant?

Mr. CARMICHAEL: No. Selling to the merchant for the merchant to retail?

Mr. AULT: And if the producer sells those eggs without having graded them—?

Mr. CARMICHAEL: Is that producer liable to a penalty?

Mr. AULT: Yes.

Mr. CARMICHAEL: I would give my guess that there are thousands of people doing it.

Mr. TUMMON: I would like to ask a question. In the Prairie Provinces, if the producer sells to the consumer an ungraded product, is he breaking the regulations?

Mr. AULT: No. There is a provision in the regulations covering sales direct between producer and consumer that they can sell them ungraded, but not in any public place. They cannot sell them on the public market.

Mr. PICKEL: One neighbour makes a sale to another?

Mr. AULT: One neighbour sells to another.

Mr. CAYLEY: Take a huckster that is going around buying up eggs before the farmers have graded them; what do you do there?

Mr. AULT: The huckster is liable. He has got to buy on a graded basis.

Mr. COOTE: Is the producer liable too?

Mr. AULT: Speaking of Ontario?—

Mr. COOTE: Say Alberta?

Mr. AULT: It makes a difference. There is some difference in the regulations. In the Prairie Provinces we do not trouble about sales between producer and consumer direct.

Mr. COOTE: But could you?

Mr. AULT: We do not do so either in Ontario, but a huckster going out and buying eggs from a producer and selling them wherever he can find a market for them, in the first place, is liable, and the man who sells the eggs to the huckster is liable too; but there is no provision in the way of trade between traders and dealers to sell ungraded eggs.

Mr. BLAIR: What Mr. Carmichael says about his constituency, also applies in New Brunswick. The farmers take their eggs to the country stores, and sell them ungraded, and the country merchant sells them to the customer. That is going on everywhere.

Mr. CARMICHAEL: It seems unfair to have in the Act any penalizing legislation if the people are liable to a penalty and do not know that the penalty is not applied.

Mr. AULT: We have had various prosecutions. Prosecutions, I may say, have been confined to prosecutions against dealers; we have never prosecuted a producer, because in instances where producers are in the business in a commercial way, if they are not obeying the regulations, we go to them and explain the regulations, and the producers make their corrections. We have numerous producers who are producing in a commercial way and who are having their candling and grading accepted wherever they sell their eggs. The huckster who goes out in a truck around the country is the man that is causing so much trouble—they are causing more trouble amongst the dealers than the dealers themselves are causing, because they are in touch with regular channels of trade. I think the largest number of prosecutions we have had in any one year was 64, and probably 60 per cent of those have been huckster prosecutions.

Mr. CAYLEY: Have you had many in Ontario?—

Mr. AULT: We have had a few in Ontario.

Mr. PORTEOUS: What objection has the department to the sale of ungraded eggs provided they are so designated.

Mr. AULT: We have not given that very much thought recently, because it was to correct the sale of ungraded eggs that these standards were adopted, and the regulations introduced.

Mr. PORTEOUS: As I said before, if the system is proficient it will stand up to competition.

Mr. AULT: Where the standards have been applied constantly, we have numerous commendations and recommendations from the producers throughout the country where they are thoroughly well satisfied with the standards and regulations, and want them continued; there are others, of course, who object. I think perhaps it is because they have not the proper understanding.

Mr. BOYES: Do I understand that in Ontario it is not compulsory to grade eggs at all?

Mr. AULT: It is compulsory, but there are provisions in clause 4 of these regulations—there is no compulsion in the candling and grading of eggs between producer and consumer—between neighbour and neighbour.

Mr. TUMMON: The ordinary storekeeper in the ordinary village must sell the eggs that he takes in to the customers in the village graded? He is not doing it.

Mr. AULT: I know there are instances where he is not doing it, but we have many instances where he is doing it.

Mr. PICKEL: I do not think you can find in the Eastern Townships one case where he is doing it.

Mr. SPROULE: Up to fifteen dozen, he does not need to do it.

Mr. AULT: The country merchant is not under obligation to candle and grade any amount less than fifteen dozen.

Mr. TUMMON: Suppose he received 150 dozen of eggs, and they all came in in quantities of less than fifteen dozens, he would not need to grade them?

Mr. GOBEIL: He is not obliged to buy them graded, but he is obliged to sell them graded.

Mr. AULT: We have instances—we do not have to go far from Ottawa to find instances where the country merchants are doing this: a man comes in with half a case of eggs, and the merchant has taken one egg out and handed it back to him. He says, "I can pay you for less than fifteen dozen, but not for fifteen dozen unless you grade them."

Mr. COOTE: That shows you how weak the grading system is.

Mr. AULT: We have considered that a defect in the regulations.

Mr. BROWN: If the principle of the department is to have egg grading in the city of Ottawa, what assurance has the producer that he is getting the grade indicated, and what assurance have I that I am going to get that grade when I buy those eggs?

Mr. AULT: There is nothing very definite, more than if you are buying from a reputable dealer he is going to exercise great care to see that you get the product you pay for.

Mr. BROWN: He may have got those eggs from a packer in good faith, but the egg will not stay graded very long in this hot weather. Many times in going down the street I have seen the sun shining in at an open window containing a great stack of eggs. What protection do you give the customer under such circumstances?

Mr. AULT: We have two inspectors for Ottawa and a small section surrounding the city, and it is the duty of those inspectors to continually patrol sections of the city in which there are stores where they have eggs for sale, and to make tests to see whether the eggs offered as extras and firsts are up to the standard.

Mr. COOTE: You have only 49 inspectors to cover all Canada?

Mr. AULT: Yes.

Mr. LUCAS: I have been told that Prince Edward Island has a very efficient way of handling eggs. Can you tell us if their method is very different from that in vogue in the other provinces?

Mr. AULT: In Prince Edward Island, it is largely co-operative.

Mr. LUCAS: Is that not largely the solution for this egg problem?

Mr. AULT: Yes, where the farmers can get together and form a co-operative organization, it is a great solution; it is a solution to the problem.

Mr. LUCAS: Should not the department follow up education along that line rather than by going to the country merchant so much?

Mr. AULT: We are doing it all the time, and we have organizations to-day which were formed some years ago that are still running. They have been quite a success. In some other organizations, there has not been, perhaps, sufficient loyalty among the members to keep the organization together. One member would wander away, and the organization would gradually disintegrate. Where they have stuck together, they have made a success of the business.

Mr. CAYLEY: Are there many egg pools in existence?

Mr. AULT: Yes, there are quite a number.

Mr. CAYLEY: I know we had a number in Oxford County. I have not heard of them lately.

Mr. AULT: The Oxford County organizations—there are two of them, one is in Woodstock.

Mr. CAYLEY: Yes, they are successful?

Mr. AULT: They are successful.

Mr. SIMPSON: Might I ask if the regulations were modified to permit the local storekeeper to sell eggs to his trade ungraded, would it have a tendency to reduce the quality of the eggs? I would not modify the regulations if it had the effect of reducing the quality; but if they could be modified to permit the local merchant to sell to customers ungraded eggs without reducing the quality, I think it would be a good thing if the regulations were modified.

Mr. AULT: The question arises: how would he know whether he is selling something of a quality that is going to give satisfaction to his customer unless they are graded? We have instances where a customer has gone to a reputable firm and purchased a dozen or two of eggs and taken them home, and the customer has said, "I broke six eggs, and four of the six in that dozen were bad, and the other six eggs were stale." Those she had broken, I do not know about. Now, if she paid forty cents a dozen and only got six eggs, she was paying a big price.

Mr. PORTEOUS: She would not go back to buy ungraded eggs again.

Mr. PICKEL: Those eggs may have deteriorated in the hands of the dealer. We find out to-day that the egg producer is up to the game; he is not going to send an inferior article on to the market if it is going to be traced back to him. He knows his business. He understands the grading business. He understands that the traffic in eggs demands good quality, and if he is not going to produce that he is going to lose trade.

Mr. BLAIR: How would it be to pool them and put their name on them?

Mr. PICKEL: Stamp every egg and give every egg a number, and pay by the pound.

Mr. AULT: Weight is no criterion of quality.

Mr. SPROULE: If the eggs are candled and sold by the pound, there could not be anything better, could there?

Mr. AULT: Weight is included in the standards—the Canadian standards for eggs.

(Discussion followed.)

Mr. PICKEL: The suggestion has been made that these eggs be graded by a government grader in the city. How many government graders would have to be employed to do that? The grading of eggs takes time.

Mr. AULT: Before these regulations were adopted—I might mention what steps were taken. After the standards were passed and accepted, we took steps to bring it before the public in certain ways—into the large distributing centres like Montreal, Toronto, Winnipeg and Vancouver—I will speak of Vancouver particularly—we went to merchants and put up the proposition that they should sell a graded product and advertise it to their customers, and we got some of the largest dealers to do this. When I speak of Vancouver, I am speaking of the whole of Canada wherever we introduced this method. That dealer put out an advertisement and said that he was starting on Thursday to sell a graded product of a definite quality put out under the name and grade of Canadian standards for eggs. He had been selling in the vicinity of four or five cases of eggs per week. In the course of two weeks he had jumped his sales to over four hundred per cent. In Montreal I think the average increase was something over two hundred per cent; in Toronto it was about three hundred per cent. It showed a very substantial percentage of increase wherever it was advertised, and it showed that the consumer—that is really the largest body of people interested—the consumer was willing to pay a differential in price between those different grades in order to get something that suited him. That was between 1915 and 1918. It was 1918 when these regulations were legalized. In 1915 the standards were adopted, and there were the three years given to see how they were working out. The object was to benefit both consumer and producer. Of course, the middleman may have been taken in as a necessary factor in the distribution of the product; but our concern was largely producer and consumer.

Mr. COOTE: I would like to ask whether the department would file with us a statement showing the number of inspectors employed, and the number employed in Ottawa in connection with the egg grading division?

The CHAIRMAN: Is there any objection to that, Mr. Ault?

Mr. AULT: None. I was going to say that the Canadian standards have been appreciated outside of Canada. For instance, one year our eggs started off in the British market on a level with the United States eggs as far as price was concerned. Before the end of the season, Canadian eggs were receiving a premium of fifteen cents a dozen over the price paid to our nearest competitor.

Mr. BROWN: Might I make the suggestion that I made in connection with the Hog Grading Regulations, and ask that each member be furnished with a copy of the Egg Grading Regulations?

Mr. PICKEL: In regard to the grading of eggs, I know of a man in my town who keeps between 500 and 1,000 hens, and when he is shipping it takes him practically all night to grade those eggs. He would send his report to Montreal and it would be trimmed; he would have a blanket rate every time. Eggs are going to Montreal in thousands of crates. I do not know how you can get men enough to grade those eggs.

Mr. AULT: In the city of Montreal there is established a neutral egg-grading station that our inspectors have supervision over. We do not handle a crate of eggs that comes in there, but we have sent out intimations to every one of the producers, in as far as our knowledge goes, telling them that rather than to send an ungraded product to the Montreal dealer, they should send them in to the neutral grading station and we will see that the grading is properly done. He will get a square deal in the candling and grading of these eggs, and then he will have a graded product properly tested.

Mr. MacMillan recalled.

Mr. COOTE: Mr. Chairman, before the witness starts, I think perhaps it would be better to ask him if he has any statement to make in regard to the discussion which has taken place since he was here before. Have you read the evidence, Mr. MacMillan?

Mr. MACMILLAN: No, I have not seen it.

The CHAIRMAN: Are there any questions to be asked, or have you a statement to make?

Mr. PORTEOUS: Lots of questions.

Mr. MACMILLAN: There is just one point, gentlemen, that did not seem to be cleared up the last day, and that was the question of what privileges the farmer had in regard to the sale of his hogs.

When you were sent a copy of the Hog Grading Regulations, a note was placed on them to the effect that the farmer had the privilege of selling his stock when and where he pleased, and that if a regularly recognized drover bought hogs from a farmer the farmer had the protection under the regulations, that the drover, provided the farmer had Selects, was not in a position to buy those hogs on a flat basis. That is a protection which is provided under the regulations.

I may say that while a large number of drovers are buying their hogs on grade, there is a considerable number who are not. That is, there are several thousands of drovers in the country—shippers; and it has been found necessary, in order to get hogs bought on grades, to divide the province into certain areas and to go right out and make a definite contact with the drovers to ascertain the basis on which they are handling hogs; and those drovers who are found not to be complying with the regulations, are simply told what they must do; and we have found that where we have been able to make that contact it has been possible to make vast progress.

I may say that in Eastern Ontario during last winter and this spring we had one man doing nothing else but that kind of work, and we find now that fully 80 per cent of the hogs coming into the hog-packing plants from Eastern Ontario are bought on the graded basis.

I might say also that it seems to me necessary to keep constantly checking up on the operations of drovers, otherwise they appear to want to revert back to the old method of flat buying, or taking the easiest plan. The local grading appears to be obnoxious; I suppose it means more work and a little more trouble; and unless they are checked up repeatedly we find that there is a retrogression back to the old method.

Now that is about the only statement I wanted to make, Mr. Chairman.

Mr. BROWN: Mr. MacMillan, could you explain to us what advantage there is to the farmer to be able to sell his hogs on the flat basis, if drovers and everybody else are forbidden to buy them on that basis?

Mr. MACMILLAN: Farmers, for instance, around Ottawa have the advantage of being able to market their hogs in the city market.

The CHAIRMAN: You mean dressed hogs?

Mr. MACMILLAN: Yes.

Mr. BROWN: But that does not meet the condition which prevails in the great majority of the cases.

Mr. MACMILLAN: I take it that what you are interested in is that the farmer has open to him all the great competitive channels of trade possible. Now, a city like Ottawa offers to the farmers in this vicinity an alternative outlet for dressed hogs.

Mr. BROWN: Live hogs too?

Mr. MACMILLAN: Not from the city market. All hogs sold in Ottawa have to come under municipal inspection, so that they have to be slaughtered either locally or by some slaughterer for the farmer.

Mr. BROWN: Those openings are only for a small number of people in the immediate vicinity.

Mr. MACMILLAN: In the immediate vicinity of large cities which constitute an alternative market for the farmer's hogs.

Mr. COOTE: If they all have to be inspected, does not that leave the farmer about where he was?

Mr. MACMILLAN: Various cities have various by-laws.

Mr. COOTE: Would the farmer be able to kill his hogs and come in with them to the local market?

Mr. MACMILLAN: The inspection is then on the market itself. The farmer slaughters his hogs and brings them in to the market, and they are taken to the local inspector's office, which is on the market, and then as soon as they are stamped they can be offered on the market for sale.

Mr. COOTE: Do you think that that interferes with your grading regulations?

Mr. MACMILLAN: The packers, of course, object. There is strong opposition to that local sale of hogs, because they are not covered by the grading of the hog packers.

Mr. COOTE: But does it detract in any serious way from the beneficial results which you expect to get from hog grading?

Mr. MACMILLAN: Not that I can say.

Mr. LUCAS: Mr. MacMillan, as I understand, the system at present is that the farmer cannot sell to a drover at a flat rate.

Mr. MACMILLAN: No. If you were buying out of Kingston, if you never have sold to a packer, you can go out and buy from the farmer ungraded; but if you are a drover and ship carloads of hogs to Ottawa or to Hull, you must buy them on the graded basis.

Mr. LUCAS: I was under the impression that they had to be graded in both ways, that the drover had to have them graded on the market, but if the farmer wished to sell them on the local market—

Mr. MACMILLAN: The local butchers can go out and buy their hogs.

Mr. LUCAS: A man can go out and gather up a truck load and go with them to the packing house and sell them.

Mr. MACMILLAN: If he buys a truck load and takes them to the packing house, they have to be graded.

Mr. LUCAS: Perhaps I have it wrong in this way, the drover can buy them from the farmer on his own grade?

Mr. MACMILLAN: He has the alternative method, that is he either grades as he buys or else he marks each farmer's lot and then the official grade comes back and he settles with the farmer on the basis of the official grading.

Mr. LUCAS: Right there, I think there is an abuse being made of that system, because if the drover grades in order to buy from the farmer, he has to grade on a basis so that he will be safe when he gets to the other end, and naturally he is going to grade in his own favour. I was out in the country not long ago and I heard a complaint that a certain drover who was buying out there would grade the hogs for himself, and to certain farmers, whom he knew were rather prominent in the district and who would do a good deal of talking, he would give special grade; then to the other fellow who was quiet and would take what was going he would give a lower grade and would make it up on him. And the buyer who

was buying straight and having the hogs graded at the factory, when he got back, heard the other man, who had been given the higher grade from the drover, blowing that he got a better price.

Mr. MACMILLAN: There is some of that sort of thing going on, but a drover who is not doing business on a fair and square basis will be caught, with the result that somebody else will get his trade.

Mr. COOTE: Supposing a drover goes out and buys hogs, and does it on his own grading, shipping them to Hull, gets 10 per cent higher grade than that which he gave to the farmer? If he does not do that, what is the result.

Mr. MACMILLAN: If a drover is out that much from week to week, that is if we find that on a shipment to Hull this week the drover paid farmers for twenty Selects, and when that carload arrived at Hull we find that there were thirty Selects in the carload, we would say to the drover that that grading is not good enough.

We have one man in Eastern Ontario who can grade hogs as well as our graders can do it.

Mr. COOTE: What do you do with that man, that is what I want to know?

Mr. MACMILLAN: If he persists, we put him under regulation C, and say, "From now on, you cannot handle hogs only in a certain way."

Mr. COOTE: That is in the hands of the Department?

Mr. MACMILLAN: Yes.

Mr. COOTE: Then what do you do to him?

Mr. MACMILLAN: We make him mark his hogs; this is if there were ten or twelve farmers shipping through that drover from week to week, he would have to mark the hogs of each farmer, and the official grade would go back.

Mr. SPROULE: If he gives \$25.00 more, do you see that the farmer gives that back to the dealer?

Mr. MACMILLAN: The drover does not do that.

Mr. SPROULE: I can show you that one dealer gave the farmer \$700.00 more than he got back from the hogs. He shipped twelve carloads of hogs, and on every load he gave \$10.00 or \$12.00 more than he got back from the hogs. Do you see where he gets it back?

Mr. MULLINS: Who is the father of grading? Who inaugurated grading?

Mr. MACMILLAN: The producers, packers and the Government.

Mr. MULLIN: The producers never asked for it.

Mr. MACMILLAN: Oh, yes.

Mr. MULLINS: Did it not originate with the packers?

Mr. MACMILLAN: At the first conference, you can have the names of all the men who were at the first conference, that conference, if I remember correctly, was called together by Dr. Tolmie, who was then Minister of Agriculture, and there were just as many producers as there were packers at that conference.

Mr. COOTE: I was out in rural Ontario several weeks ago visiting a family which raises quite a lot of hogs, and I asked the man, "What do you think of having the hogs graded?" He said, "I do not know; I do not have them graded." I asked, "Do they not grade them for you?" "No," he said, "They offer me so much a pound for them, and if I am satisfied, I sell them."

Mr. MACMILLAN: Where was that?

Mr. COOTE: Up in Grey County.

Mr. MACMILLAN: Did he get any premium for Selects?

Mr. COOTE: He did not know whether he had Selects or what he had; but he told me he sold them as hogs.

Mr. MULLINS: That is the only way to sell hogs.

Mr. BLAIR: It is true, Mr. MacMillan, that there are shippers buying hogs and they grade them at one point and do not grade them at another point?

Mr. MACMILLAN: That may be.

Mr. BLAIR: Does the shipper make out the manifest?

Mr. MACMILLAN: Yes.

Mr. BLAIR: When does he make them out?

Mr. MACMILLAN: I do not know. He makes them out on the train, generally.

Mr. SPROULE: It does not make any difference, if hogs are scarce, whether they are light or heavy or what they are. A man had forty, weighing two hundred and forty pounds apiece, and he said he would not sell them unless they graded right, and he got two heavies reported back out of the forty; and he knew what they weighed.

Mr. MULLINS: If I have hogs to sell, is not the best system for me to sell them right there and have done with it and get my money? Wouldn't you sell them right there and get your money?

Mr. MACMILLAN: That would depend upon the buyer.

Mr. MULLINS: Is not the better system of business to sell your hogs right in the pen, and then the buyer who goes around—he is not a drover and that is not the right word at all to use. The man who is going around buying is not a drover. Look in the dictionary and find out for yourselves. A man who is a buyer—and I have been one for fifty years—has drovers working for him. A drover is the man who is taking care of my stuff. The buyer who comes looking after the hogs should have the privilege of going into the market; and no packer should have any right to say anything to him. The man who is on the land knows what a bacon hog is and what a Wilshireside is, if he is well taught on that line; but it is a restriction on trade and commerce to have the system which you have right now.

Mr. COOTE: May I ask, Mr. MacMillan, how many inspectors you have now on the outside?

Mr. MACMILLAN: We have thirty-seven all told in Canada.

Mr. COOTE: How many hogs do those graders grade in an hour, say, in the stock-yards?

Mr. MACMILLAN: When the commission men get ready to grade, they would grade them pretty fast.

Mr. COOTE: How long does it take to grade a carload—how many carloads an hour?

Mr. MACMILLAN: If they had been graded in the country, you can grade a carload very quickly, that is, if the drover did the grading at the country points.

Mr. MULLINS: The buyers?

Mr. MACMILLAN: The buyers. Ten or fifteen minutes would be sufficient.

Mr. COOTE: Does he mark the different grades?

Mr. MACMILLAN: No, they would not be marked in that case. Out in the West, there are certain districts in Western Canada where there are no scales at the local shipping points, and consequently the farmer cannot get the weights on his hogs, and they are marked as they come in at the station, as to the individual ownership.

Mr. MULLINS: But does the buyer ever buy them?

Mr. MACMILLAN: Yes, sometimes.

Mr. MULLINS: He buys them at so much a head.

Mr. MACMILLAN: Then, after they are all marked and loaded in the car they have to go in to the central market, which may be Calgary, say; and there may be fifteen farmers' hogs in the car; none of those hogs has been weighed, and consequently the first thing that has to be done is to separate out each farmer's bunch of hogs to be weighed. That has nothing to do with the grading, but is in order that the farmer may get the weight on his hogs. Then when they are separated out, you do the grading. There might be nine hogs in the first lot, say, and as they are weighed they would be graded, so many of each grade. Then you take the next farmer's hogs and they are separated out and they are weighed. It takes about an hour to do that grading, but the grading itself does not take much time.

Mr. COOTE: When a carload comes to a point to be graded, how long does that take? They must be graded in the stock-yards, you tell us, in order to check up on the ordinary buyer.

Mr. MACMILLAN: Just for ordinary checking, ten or fifteen minutes for a load of hogs.

Mr. COOTE: And after the hogs are graded they are put into two or three different pens?

Mr. MACMILLAN: We do not do it in that way now. We simply run the car up and grade the hogs according to their grades.

Mr. COOTE: Don't they come down a chute?

Mr. MACMILLAN: Yes.

Mr. COOTE: And the inspector stands there and says what are Selects, and they go through one gate, and then bacon hogs go through another—

Mr. MACMILLAN: There are probably three grades in each car.

Mr. COOTE: Do you think if they were graded over again that you would get the same hogs in each pen?

Mr. MACMILLAN: Yes, absolutely the same hogs.

Mr. COOTE: I would like to wager it would not be.

Mr. PORTEOUS: Have you any idea whether Select bacon hogs are going into Select bacon or not?

Mr. MACMILLAN: We are checking on that sort of thing all the time. Sometimes bacon hogs get into Selects; and sometimes we get bacon hogs out of butchers.

On an average, out of several thousand hogs graded, the grading alive will just about check with the grading on the rail, although there are certain individual hogs which might go from one grade into another; they might go up or they might come down.

As I pointed out the other day, there are certain hogs known as liners, and they may go up or they may come down.

Mr. PORTEOUS: And some heavy hogs might go into Select bacon?

Mr. MACMILLAN: Yes, this year we have had more heavy hogs passing with us which have got into the higher grades. Hogs are not graded absolutely to the pound, unless the buyer happens to call for a check weight. There might be ten or twenty Selects going through, graded into the Select pen. The buyer of those hogs might walk in and say, "I want that hog weighed," figuring that that hog was over the maximum weight for the grade.

The CHAIRMAN: That is 230 pounds?

Mr. MACMILLAN: Yes.

Mr. MULLINS: From the time the hogs leave the pen to be graded, from the hog buyer's pen to your grading quarters, how much weight will those hogs gain or lose in weight? How much difference would there be from the pen, passing them through the grading?

Mr. MACMILLAN: Usually those hogs are weighed up before they are graded.

Mr. MULLINS: How can you do that?

Mr. MACMILLAN: They are weighed up as a carload.

Mr. MULLINS: Not in Winnipeg. The hogs are taken out and put through the grading and then the hogs are weighed up, and a man has lost from five to ten pounds of hog—fully five pounds of hog.

Mr. MACMILLAN: I would say that would be the outside.

Mr. MULLINS: Yes, not ten pounds—I am wrong there. Five pounds was the weight.

Mr. BROWN: I have never seen any indication of an individual farmer's hogs being weighed in the lot. The returns I get do not give any indication of that.

Mr. MACMILLAN: It is not done in the West.

Mr. BROWN: I am speaking of the West; that is where I live. When I get my ticket back from the stock-yards, the only indication that I have is the Selects on one side of the ticket—

Mr. MACMILLAN: You do your own grading?

Mr. BROWN: No.

The CHAIRMAN: Do you do your weighing at the shipping point?

Mr. BROWN: No, I do not have them weighed at the shipping point, because I have never thought it would do any good.

Mr. MACMILLAN: How do you get the weights for the individual farmer?

Mr. BROWN: We get the weights back from the stock-yards. If I have a lot of Selects, I will get them on the one ticket.

Mr. MACMILLAN: You get a ticket for each farmer's lot of hogs, showing the weight for each lot?

Mr. BROWN: Yes, but there is no indication that the whole lot was weighed first.

Mr. MACMILLAN: There is no need in that case for them to be weighed first. The sellers make their own arrangements. Sometimes the hogs are weighed and the loss is pro-rated back to each group.

Mr. COOTE: I had a case last year brought to me by a farmer, where he sent hogs to the market by truck, and they were sold to the P. Burns abattoir. They were graded and paid for on the price of butcher hogs on that day, and he was not satisfied with that and he took it up, and the inspector assured him that they were graded and that was the grade they were entitled to. He was not satisfied and he kept after the inspector, who finally admitted that he had not seen the hogs at all, and that the Burns Company gave them the grade that they thought right. He afterwards got a cheque from the P. Burns Company for the difference between bacon and Selects and what they had been graded at.

The opinion prevails among farmers that the grading is done by the stock-yards, and they think that there should be graders in the stock-yards. Would not that secure for the farmers a better deal than they are getting to-day?

Mr. MACMILLAN: At Calgary we have two and sometimes three graders; they are our employees and paid by the Department, and it is not to their interest to grade for the packer any more than for the producer.

I might say that until recently we were not able to give a complete hog-grading service at Calgary; we were short one man. That might have accounted for the occurrence to which you have referred, where the grader may have been at the stockyards when the hogs arrived at the P. Burns Company's place.

Mr. COOTE: Probably the hogs got in a little late in the day.

Mr. MACMILLAN: That should not make any difference. We have now a grader at the P. Burns plant as well as at the stockyards.

Mr. COOTE: Would you ask your grader to see that in all cases a copy of his certificate should be sent back to the farmer, who then would be sure? The inspector said that they could not do that, that they hadn't enough staff to do it.

Mr. MACMILLAN: I doubt whether we are able to send back a certificate in every case. What we are endeavouring to do, as far as Alberta is concerned, is to send them back as many as possible this week to a certain district; and next week we send back as many as we can get out to another district. The fact is that the sending out of a certificate does not alter the grading of the hogs. We cannot send out a certificate for every farmer's hogs in Alberta. To do that we would have to have a large staff of stenographers.

Mr. COOTE: Otherwise, I do not see how your system protects the farmer, unless you send out a certificate for each shipment.

Mr. MACMILLAN: The money we have to spend is not sufficient. I think we get out fully 50 per cent of the certificates, but we do not get out all of them.

Mr. MULLINS: How much does it cost Canada to grade these hogs?

Mr. MACMILLAN: About five cents a hog.

Mr. MULLINS: But altogether how much?

Mr. MACMILLAN: The total appropriation, including swine grading, is \$117,800 odd a year.

Mr. SPROULE: Did you say that grading of hogs does not depend upon the weight exactly?

Mr. MACMILLAN: When hogs are graded, weight is a factor in the grading.

Mr. SPROULE: Weight is a factor?

Mr. MACMILLAN: Yes.

Mr. SPROULE: How much do you set aside as between the shipping point and the stockyards, as variation?

Mr. MACMILLAN: About ten pounds.

Mr. SPROULE: When it gets over 75 miles, do you know it may run between fifteen and twenty pounds?

Mr. MACMILLAN: In that connection I might say that in certain districts where hogs were bought according to country weights and country grades, the shrinkage rose to an average of 30 pounds per hog.

Mr. MULLINS: That is the two extremes, but for the ordinary hogs, you know it will run 15 to 20 pounds per hog in this warm weather. If you take a Select hog at the shipping point, he has to weigh according to your figures 190 pounds?

Mr. MACMILLAN: Yes.

Mr. MULLINS: Then if he only weighs 175 pounds, that gives the packer the chance to take every one of them as light. If the hogs are taken in a truck for four hours, they get a better grade; but if they are delayed on the train there is a greater shrinkage. That makes all the difference.

Is not the only solution to have each producer have a stamp with which to mark his hogs?

Mr. MACMILLAN: The only system is for each shipper to mark his hogs.

Mr. MULLINS: How do you mark a hog?

Mr. MACMILLAN: Scissors clipping.

Mr. MULLINS: I have tried that on short-haired hogs, and you would never know that you had put a mark on them. I have been shipping long enough to know that I cannot mark a short-haired hog in that way. If you put paint on them, it gets rubbed off.

Mr. MACMILLAN: We do not have any trouble with people who want to mark them. They find a way to mark their hogs.

Mr. BROWN: You can mark hogs, so that they will get down to the abattoir.

Mr. MULLINS: With scissors?

Mr. BROWN: No.

Mr. MULLINS: With what?

Mr. BROWN: You can take liquid stove polish and mark them. I have been doing it for years.

Mr. PORTEOUS: You said you made a check-up with the abattoir, as a comparison with the grading in the pen and the product on the racks.

Mr. MACMILLAN: We do not go beyond the carcass.

Mr. PORTEOUS: Did you find they compared favourably?

Mr. MACMILLAN: Very favourably. There are certain seasons of the year when the feeding of hogs changes. For instance, last year we had to make a very close check-up on our grades, due to the fact that farmers were using a much heavier feed, in the way of wheat, barley and oats, with the results that their hogs were better finished. The difficulty then was to get hogs which were just on the line for over-finish. When feeds are cheap, the difficulty is that you get hogs that are just on the line for finish, to get all the hogs which will be bacon or lower for finish. We have repeatedly to check that up at different seasons of the year.

When hogs are being over-finished, you have to watch that. If they are under-finished, you have to be sure you are not throwing too many out for lack of finish.

The CHAIRMAN: Would not a good deal of this difficulty be overcome if hogs were graded on the rail?

Mr. MACMILLAN: Yes, the difficulty of grading accurately alive would be obviated, because when the product is hung up on the rail all those difficulties are got over.

The CHAIRMAN: Would there be any difficulty in getting that through to the producer?

Mr. MACMILLAN: Just the difficulty which you have in getting the grade back.

Mr. SPROULE: But not any greater?

Mr. MACMILLAN: No.

Mr. BROWN: It would take a little longer?

Mr. MACMILLAN: A little longer, particularly when the hogs have been shipped long distances.

Mr. MULLINS: If a carload comes in without any grade at all, would it not be better for me to buy those hogs and send them en masse to the scales?

Mr. MACMILLAN: You are speaking of this as a buyer of hogs?

Mr. MULLINS: No. If I have raised a carload of hogs on my farm,—and there are many men in Manitoba who have carloads of hogs—and they bring them into a pen and they are a pretty well selected lot of hogs, is it not better to say to the buyer, "I want so much for my hogs?"

Mr. MACMILLAN: I would prefer to say, "I want so much for my Selects, and so much for the bacon, and so much for the butchers," and so on.

Mr. MULLINS: That is the biggest fraud that ever was put upon the farmer. I have seen hogs squeezed through the chutes, battering and bruising the hogs. In the stock-yards in Winnipeg they had the side of a hog hung up, and I never saw such a badly bruised side of a hog.

Mr. WEIR (Macdonald): Was that done in the abattoir?

Mr. MULLINS: I do not know where it was done.

Mr. WEIR (Macdonald): I have been selling hogs for the last number of years and I always have had a certificate signed by the commission company which handled the hogs, which I understood was the official grade put upon them by the official grader.

Mr. MACMILLAN: That is right.

Mr. WEIR (Macdonald): I think a good deal depends upon the grader. The impression has got to me here that we are inclined to think that the graders may be partial toward the packers who have taken the carload of hogs. It is part of his job to see that the farmer is getting a square deal on his grade, otherwise he is not being fair. I have had a man get me a different grade on a particular hog. It is part of the duty of the man who takes in the hogs to see that the proper grade is put on them.

Mr. MACMILLAN: It is the man's duty to see that the grader gives the proper grade.

Mr. MULLINS: Do you look after the cost of feeds in the yard?

Mr. MACMILLAN: No, that comes under the stock-yard service.

Mr. PORTEOUS: Mr. MacMillan, there is just one other question I would like to ask. Since this stock-grading has been instituted, the spread has increased very greatly between the producer and the consumer of hog products. Is that attributable to the hog-grading?

Mr. MACMILLAN: I do not think so.

Mr. PORTEOUS: Why is it?

Mr. MULLINS: Let me ask this question, to finish. Are there any objections on the part of the packers?

Mr. MACMILLAN: Absolutely.

Mr. MULLINS: About the grading?

Mr. MACMILLAN: Yes.

Mr. MULLINS: Bona fide objections, or just camouflage?

Mr. MACMILLAN: If I might make just one final statement, I would like to leave this with your committee. I see you are proposing to bring forward recommendations at a later date. As I see the hog situation in Canada, one of the things to which this committee should give very careful consideration is that of the export bacon outlet.

Hogs are on the increase, that is, farmers are going into hogs, because they believe and find that they can get a better price for their grain through hogs than they can get by selling grain for cash; and we are going to have a surplus of hogs within twelve months, and that means we are going to have to export bacon; and that, to my mind, is the biggest factor to which this committee should give consideration.

Mr. SPROULE: The light hog, which is sold to-day on a dollar off, is it not peculiar that the man who has the light hog can sometimes get a dollar more.

Mr. MACMILLAN: If he cuts light, he gets a dollar more.

Mr. SPROULE: Your grade shows that there is a dollar off for the light hog, does it not?

Mr. MACMILLAN: Not as I see it. Light hogs may sell as high as Select bacon.

An hon. Member:

Light hogs last year in Winnipeg went better than others.

Mr. SPROULE: I know better. I could show you half a dozen if I was at home, which I have received from the packers; but any of the dealers will tell you that your light hogs are a dollar off. How much are off your heavy ones, if your hogs are bought on the graded basis?

Mr. MACMILLAN: They are not allowed to take off anything except what you, as sellers, allow them to take off.

Mr. SPROULE: No, I do not agree with that.

An hon. MEMBER: Sometimes they will give you a dollar premium.

Mr. MACMILLAN: If you were a seller of hogs and have 150 heavy hogs to sell to-morrow, would you sell them at \$3.50 off for heavies?

Mr. SPROULE: Where would I go? I have no place to go except to sell to this packer, and he puts them through his squeezer and grades them.

If you sell hogs on the graded basis, your selects at \$10; if they are heavy they are \$1 off. If you have twenty light hogs, \$20 off; if you have twenty butchers, \$20 off; and if you have so many heavies it is so much off; and at the bottom there is so much off. There is a grading sheet and they have the right to enforce that according to your own regulations.

Mr. MACMILLAN: Do you mean to tell me that you sell hogs on the basis of a dollar off for light hogs?

Mr. SPROULE: Yes, and every man in our country does that.

Mr. MACMILLAN: I would like to see the bills.

Mr. SPROULE: I could show you dozens of sheets for two years back. The man who was called in here the other day had them. You had twenty-four dealers in here and they had the sheets with them.

The CHAIRMAN: Do they need to accept that?

Mr. SPROULE: How can they get out of it? Their hogs have to be sold on the graded basis, and they have to comply with that. Your own regulations say that there has to be a dollar off.

Mr. MACMILLAN: No, there is nothing of that in the regulations.

Mr. SPROULE: The packers say it is in your regulations.

Mr. MULLINS: If you have a farmer with hogs, let him sell them on the market and do not monkey with them by grading.

Mr. SPROULE: I can show you dozens of such sheets, as I said.

Mr. PORTEUS: Do you say, Mr. Chairman, that this committee shall bring in recommendations?

The CHAIRMAN: I think it would be well for the members to consider that matter and say what you think about appointing a sub-committee to draft a report. If you like, I will bring that up at the next meeting.

The committee adjourned.

FILED

Recognizing that the purchasing power of Agriculture, the basic industry of the Dominion, vitally affects every other class of industry, we, the Regina Board of Trade, solicit earnest attention and consideration to the recommendations which follow:

Because of a greater dependence on agriculture than in any other parts of the Dominion, results of the general depression are more severe in Saskatchewan and Western Canada. This fact would seem to have been recognized. It has been recommended that agriculture in the West should be broadened to embrace greater diversification in production. Formation of the Dominion Agricultural Credit Corporation is a direct effort to encourage producing other than cereal crops on Western farms.

We consider, however, that such plan should follow and not precede a constructive national marketing policy for mixed farming products.

A price analysis on egg and butter values for the first half of 1931 shows existence of conditions which are already destroying the activities in mixed farming that it is proposed to develop.

In February, 1931, certain packing interests in Eastern Canada announced their intention to purchase eggs, delivered in Montreal and Toronto on a basis of 18 cents per dozen for Extras. This price for Grade Extras would mean an average price on all eggs of 14 cents per dozen. Freight cost from Regina to Montreal is 4 cents. Transportation from point of origin to point of shipment, cases, candling and handling costs are 5 cents per dozen. This is a total of 9 cents per dozen. Delivery at Montreal of Extras at 18 cents therefore means an average value of eggs to the producer in Saskatchewan of 5 cents per dozen. All Western packers and distributors and many Eastern interests recognized that such prices would destroy production and the market opened some 8 cents to 9 cents higher in February and early March. Certain interests, however, consistently undersold the market for a period of weeks, until by May 1, prices had been depressed to the 18-cent Extra figure. When this reaction reached the producer thousand of laying hens were slaughtered and thousand of dozens of eggs were fed to hogs, calves, etc. The result was a heavy decrease of shipments which, coupled with the normal seasonal decrease of production, reduced Western Canada's egg exports to the lowest figure for May in many years. Federal statistics show interprovincial egg shipments as follows:—

May, 1930..	105,706 casts
May, 1931..	99,358 cases
Decrease..	6,348 cases

We respectfully submit, that while there should be no attempt to hamper or impede private trading, bearish operations on such an extensive scale as to ruin the source of supply should be discouraged.

In our opinion another instance of unduly bearish influence was evident in the huge drop in butter prices which started on the Eastern Markets in May. Statistical stock figures show nothing to warrant the decline of butter prices to below export levels. Preliminary butter statistics of June 1st show more than two million pounds less butter on hand than on the same date of 1930. Allowance has been made in these figures for one million pounds exported at a loss by Western Manufacturers. It is a matter of record that Western butter manufacturers are in the process of organizing a Canadian Advisory Committee to control the Western export surplus of butter. It is, however, recognized by these interests that an organization functioning the the West only cannot make the same contribution to the industry as can one of Dominion-wide scope.

We further submit that there will be a serious decline this Fall in the price of hogs, hog production being greatly increased in Western Canada. This condition will inevitably develop by September or October to this year unless some general policy that will protect all interests is inaugurated. In view of what has already occurred in the egg and butter markets and of what will assuredly occur in the bacon, hog and poultry markets this Fall, we urge that the Agricultural Committee of the House of Commons, now sitting to review marketing amongst other subjects; authorize calling at the earliest possible date, a National conference to review this whole situation and consider the advisability of establishing a Produce Export Board, whose functions would be broadly defined as follows:—

1. To establish such grade standards on all classes of farm produce that the quality of Canadian goods be such as to successfully compete with similar Agricultural products from other countries on the British market.
2. To review existing agencies for establishing new markets for Canadian farm produce to the end that such markets may be extended.
3. To assemble information that would enable the flow of Canadian agricultural produce, particularly to the British market, to be so regulated as to avoid the flood of similar produce from other countries.
4. To establish a statistical bureau that would ascertain sufficiently ahead of time the probable production, domestic consumption and resulting exportable surpluses of Canadian farm produce, so that a national policy can be formulated to relieve domestic markets of the burden of surpluses with resultant depression of prices.

We would strongly suggest that if the proposed Produce Export Board is established it be representative of the producer, distributors and packers and that there should also be representation from the Federal Government in order that recommendations of the Board might be supplemented by the necessary legislation to make them effective.

The resolution passed by the Regina Board of Trade and submitted to the Federal Minister of Agriculture is as follows:—

“Whereas the development of diversified farming in Western Canada is being encouraged as a national policy, and,

“Whereas a large increase in production of eggs, butter, pork, bacon, etcetera is already apparent in Saskatchewan, and,

“Whereas such increases have already seriously affected the prices of such products to the producer,

“Be it Therefore Resolved that the Federal Government be urged to immediately call a conference of the producers and the trade to evolve some national policy for marketing exportable surpluses in such manner as to prevent the demoralization of our domestic markets.”

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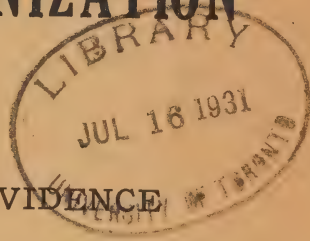
HOUSE OF COMMONS

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

1931



MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

Tuesday, July 7; Wednesday, July 8; Thursday, July 9, 1931

Order of Reference—Re Handling and Marketing Agricultural Products

WITNESSES:

James C. Richardson, Grain Merchant, Member of the Winnipeg Grain Exchange.

Andrew Cairns, Representative of Canadian Wheat Pools.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1931



MINUTES OF PROCEEDINGS

TUESDAY, JULY 7, 1931.

An informal meeting of the Committee on Agriculture and Colonization was held at the plant of the Canada Packers, Limited, Hull, Que., through the courtesy of the Company and the Company's secretary, Mr. S. E. Todd.

Mr. Bowen, in the unavoidable absence of the Chairman, presided.

Under the direction of Mr. Todd an exhibit of dressed hogs of the several government grades was shown. Cuts were made showing Wiltshire sides and the domestic cuts.

At the conclusion of this demonstration the committee proceeded to the grading pens, where under the direction of Mr. A. A. MacMillan, Chief of the Swine Division of the Department of Agriculture, the system and technic of grading a carlot of hogs was given. Mr. Irvine, the Departmental grader performed the grading in a most expert and instructive manner.

The acting chairman expressed to Mr. Todd, Mr. MacMillan and Mr. Irvine the appreciation of the members for the courteous and instructive demonstration.

A. A. FRASER,
Clerk of the Committee.

HOUSE OF COMMONS,

WEDNESDAY, July 8, 1931.

The meeting came to order at 11 o'clock, a.m., Mr. Senn presiding.

Members present: Messrs. Bowman, Bowen, Brown, Campbell, Cayley, Coote, Donnelly, Dupuis, Garland, Loucks, Lucas, McMillan, McKenzie, McPhee, Motherwell, Mullins, Myers, Porteous, Rowe, Senn, Simpson, Sproule, Stirling, Totzke, Tummon, Vallance, Weir (*Macdonald*), Young.

Mr. Bowen moved: That the transportation expense incurred by the clerk in connection with the trip of members of the committee to the Canada Packing Company plant in Hull, Que., on the 7th inst., be authorized and approved.

Motion carried.

The clerk being called upon read the telegraphic communications with the Canadian Wheat Pools and the Winnipeg Grain Exchange relative to representatives thereof appearing before the committee.

Discussion took place with respect to the hearing of witnesses at the next meeting.

On motion of Mr. Campbell it was resolved that a representative of the Winnipeg Grain Exchange would be heard first at the next meeting.

On motion of Mr. Coote it was resolved that the premiers of Manitoba, Saskatchewan and Alberta should be invited to attend before the committee or that they select one of their number to present their views.

There being no witness in attendance and no further business before the committee the meeting was adjourned till Thursday, July 9th, at 10 a.m.

A. A. FRASER,
Clerk of the Committee.

HOUSE OF COMMONS,
THURSDAY, July 9, 1931.

The meeting came to order at 10 a.m., Mr. Senn presiding.

Members present: Messrs. Bowman, Bowen, Brown, Campbell, Carmichael, Cayley, Coote, Donnelly, Dupuis, Hay, Loucks, Lucas, McGillis, Motherwell, Mullins, Myers, Perley, Pickel, Senn, Shaver, Simpson, Thompson, Totzke, Tummon, Vallance, Weir (*Melfort*), Weir (*Macdonald*), Young.

Mr. James A. Richardson, grain merchant of Winnipeg, a member of the Winnipeg Grain Exchange, addressed the meeting on the subject of the present condition and future prospects of the wheat markets. The witness was questioned at length and retired to be recalled at the pleasure of the committee.

Mr. Andrew Cairns, a representative of the Canadian Wheat Pools was then called, addressed the meeting, was questioned and retired at the hour of adjournment, to appear again at the next meeting.

The meeting adjourned till Friday at 10 a.m.

A. A. FRASER,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

THURSDAY, July 9, 1931.

The Select Standing Committee on Agriculture and Colonization met at 10 o'clock, a.m., Thursday, July 9, 1931, Mr. Senn in the Chair.

The CHAIRMAN: Now, gentlemen, if you will come to order, we are just a little behind time but we have a quorum and I think we should get going. We want to spend as much time as possible this morning with the witnesses.

It was the understanding in committee yesterday that one of the three gentlemen who are here representing the Grain Exchange should speak to-day. I am informed that Mr. Richardson will speak for the Grain Exchange or the wheat trade, if he is here. Is Mr. Richardson ready to proceed?

Mr. RICHARDSON: Yes.

The CHAIRMAN: All right. Would you mind telling us what your official position is with the Grain Exchange?

JAMES T. RICHARDSON appeared before the committee at their request.

The CHAIRMAN: What is your official position with the Grain Exchange?

Mr. RICHARDSON: I have no official position other than that I am a member of the Winnipeg Grain Exchange.

The CHAIRMAN: And you have a statement to make to the committee?

Mr. RICHARDSON: I may say that I was out of town, at my summer home trying to get ten days' holidays in, when I got a phone call from the President of the Grain Exchange asking me if I could come down to appear before your committee to-day; and therefore I have come. Mr. S. T. Smith, myself and the Grain Exchange Secretary are here.

I have not been back at my office and I am not armed with any statistics other than those of a general character that I carry around in my head; but I am here to give any information that I can in regard to any points of the grain business or the open market on which you would like discussion from a so-called practical grain merchant.

The CHAIRMAN: The reference to the committee, Mr. Richardson, was in respect to the handling and marketing of farm products of all kinds. We have had considerable discussion already on several kinds of farm products, such as eggs, poultry, hog and cattle production and marketing; and it was the wish of the committee to have a statement in regard to the marketing and handling of grain.

It has been customary for the witnesses to make a general statement as to the methods employed, but you may do just as you prefer in that regard.

Mr. RICHARDSON: I would be very glad to do that. I looked up this morning some evidence I gave before this committee on April 26th, 1922, and I notice that I said:—

To try and boost the Canadian wheat price above its value in the world's market would get us nowhere. We would only be holding an umbrella for wheat producers in other countries to sit under, and we would be encouraging production in other countries instead of in our own.

I have made a few notes of a general character, that I ran off this morning, commenting on the remarks which I made before this committee some years ago, that the truth of the remarks which I made before this committee some years ago have since been amply demonstrated. I think we have reason to regret any part that we have played in the holding out of the lure of high wheat prices, which, to state one specific result, has had the effect of inducing the Argentine to plow up some of its alfalfa acreage and replace this with wheat.

Wheat is not a hot-house plant; it can be produced all over the world; if the price is attractive increased acreage can be brought in. Therefore, it is not reasonable to think that for any great length of time wheat can be maintained at a price far above its cost of production.

Canada can produce wheat to meet the world in price and quality, and I do not think it is in our interests to maintain a price which will result in ruinous over-production, but rather a price at which we can succeed but which will not prove profitable to high-cost producers.

Our main problems to-day are economic, but the policy of this continent during the last few years has accentuated our difficulties. We cannot escape the penalty of having allowed an undue surplus to accumulate on this continent.

The policy of maintaining prices by carrying over surpluses depends for its success on running into short crops. The carry-over of old crop has an adverse effect on new crop prices which more than offsets any appreciation that might have been brought about in the price of the old crop.

The four chief exporting countries of the world, excluding Russia, will have a carry-over on August 1st of probably 500,000,000 bushels. We might regard 300,000,000 bushels as a normal and satisfactory carry-over, consequently we are only really dealing with a surplus carry-over of a couple of hundred million bushels. The United States and Canada will probably have an exportable surplus of 400,000,000 bushels. The remaining countries of the world will probably have an exportable surplus of not exceeding 400,000,000 bushels so that in the crop year starting August 1st there would appear to be available for export a surplus not exceeding a billion bushels against world import requirements, as to which we have not yet complete forecasts but which at the present time we might reasonably assume to be about 800,000,000 bushels.

The CHAIRMAN: Is that excluding Russia?

Mr. RICHARDSON: No, that is including Russia. Any figures or statements made now are done with the growing crops in the Northern Hemisphere not yet matured and are subject to how those crops will turn out.

Any views regarding Russia, of course, are subject to a great many conditions, but the best informed people are not disposed to think that Russia will have for export this year more wheat than she had last year. Our own advices on the amount of wheat that Russia would have for export last year have proved to be reasonably accurate. Our figures for Russia for some years, which have come to our organization, have been reasonably accurate. Russia had a very large yield a year ago, and it is unlikely that she will have as satisfactory a yield this year, and I think it is reasonable to think that Russia will not export over 90,000,000 bushels this year.

We hear all kinds of fairy tales about Russia, but I think that is the way we stand now, that there is a reasonable expectation that she will not ship any more than she shipped last year, possibly not as much. Under the exigencies of great internal financial pressure, she might, of course, ship considerably more. As far as I can learn, the Russians are not too well satisfied with the price.

In stating these figures, which I have made up roughly just to cover the general situation as I see it, I figured that Russia will probably have 90,000,000 bushels for export.

So in the crop year starting August 1st, there would appear to be available for export only about a billion bushels against world import requirements, of which we have not yet complete forecasts, but which at the present time we might reasonably assume will be about 800,000,000 bushels.

It is no doubt true that we will have a couple of hundred million bushels that we would like to have a home for; but I would like to point out that stocks of wheat in mill bins and stocks of flour in warehouses over the world generally are extremely small. Buyers are carrying on business on a hand to mouth basis. Stocks of wheat will probably show no increase until there is an indication of a probable rise in price, when with the normal carry-over distributed around the world the apparent surplus would disappear into positions where it would not be burdensome.

From a market point of view the important position is that such a large amount of the world's carry-over is on the North American Continent, practically all on the North American Continent. Probably a couple of hundred million bushels of old crop wheat is owned by the United States Farm Board and it is indicated that while it is not their intention to press this wheat, it is their purpose to unload this wheat on any hard spots on the market from time to time as the market allows. This is a blanket on the market and tends to discourage buyers, who have no desire to have a couple of hundred million bushels of cash wheat loaded onto their backs; and buyers feel that there is no need to anticipate their needs, as they can provide for them just as satisfactorily on a hand to mouth basis.

Any little current in the general economic situation, or any news which would encourage more confidence on the part of buyers would result in a little larger accumulation in mill bins and in flour warehouses, and we would see this wonderful surplus of wheat disappear, and we would have a different story to tell.

With wheat at \$1.50, the unknown factors can always be depended upon to work against the holder; and with equal certainty we can feel that with sixty cent wheat the unknown factor will work in favour of the holder. However, it is unprofitable to attempt to forecast how soon these factors will effectively assert themselves.

In general, gentlemen, and in a brief statement, that is the general world situation as I see it. The economic factors, of course, are the determining factors.

Normally in our correspondence with our connections abroad, generally the subject matter of our letters pertain to the potato crop in Europe and all other factors that might affect the larger consumption of wheat, such as the character and size of the crops in the various importing countries, and the probability of our having a good market for our wheat in this country or in that country; and certain countries would have a shorter crop this year and you might expect to do more business with them; or certain countries that we ordinarily exported to might have a very big crop themselves and we might have to contend with them, as they might not be buyers but they might have some surplus wheat to sell.

The general subject matter of our letters would pertain to the known stocks of wheat in the world, the surplus available for export, as offset by the probable consumptive requirements. Our chief authority on the probable consumptive requirements is Bromhall, and his forecasts are, I believe, absolutely impartial, and have on the whole been very satisfactory.

Hon. Mr. MOTHERWELL: What are the Canadian stocks now?

Mr. RICHARDSON: Well, we will carry over, I would think, as much wheat as we did last year. On the 27th June, the last day I looked at it, it was 156,000,000 bushels; but we felt if we got our carry-over to 130,000,000 bushels, as it was last year, that would be as good as we can do, and we may not do that. The United States Farm Board have probably got over 200,000,000 bushels.

Mr. BOWMAN: Do you state that the carry-over this year is 200,000,000 bushels greater than the normal carry-over?

Mr. RICHARDSON: Not last year; we are making progress, but 200,000,000 bushels more in sight than we would like to see, in order to have a really healthy normal situation. If somebody would take that 200,000,000 bushels away from the United States, the situation in wheat, from a statistical point of view, as far as I can see, might be regarded as a healthy one.

The situation was bearish on wheat in 1928, and it was bearish on wheat in 1929, with the exception of the fact that in 1929 there was a great shortage of Spring wheat. We made a careful survey through our connections in Europe, of the probable requirements of Spring wheat, and it looked as if all the wheat we had in Canada would be needed.

There is no doubt that if every barrel of flour made in the world had a percentage of Manitoba wheat in it it would make a better loaf of bread. I do not think that can be disputed. There are different wheats for different qualities, but for bread-making qualities our wheat is the best wheat in the world. Soft wheat is low in gluten, and it is necessary to use the kind of wheat that we produce in order to have a good loaf of bread.

In reviewing the situation, I think most of the American merchants felt that our wheat would be needed. We had seen the people in Europe buy our wheat and pay fancy premiums for it for blending purposes; and, apparently, we thought, they would need it in 1929 and that they would take it off. However, there were economic conditions asserting themselves in Europe, I think, probably, before they were manifest to us over here, and of which we unfortunately were not aware; and this resulted in the consumer being satisfied to eat a loaf of bread which was inferior to what he had been eating; and to our dismay he got along without our wheat.

Mr. VALLANCE: Why did he do that? Why was he placed in a position where he would rather eat the cheap wheat than to have a proportion of Canadian wheat? There must have been some factor in connection with Canadian wheat which placed it in that position. In your opinion, what was it?

Mr. RICHARDSON: I do not want to get into a controversy on the merits of pool merchandising, but I think the quantity of wheat held off the market by the Wheat Pool, and also the fact that the big load was off the market, the fly-wheel was not there that regulated the market, and there was a large speculative following in the market, the wheat was easier to lift and you did not have to lift the whole crop but you only had to lift a percentage of the crop; and there was a good deal of bullish sentiment around, and there was a belief that we were not selling our quota of wheat in the world markets but that later on some of the supplies which they were getting would be exhausted and they would be compelled to come here for their requirements, later on for this class of material.

Mr. DONNELLY: Mr. Richardson, was it not the fiscal policy in Europe which raised it so that they could not get our wheat into their markets?

Mr. RICHARDSON: I do not think there is any doubt whatever that the economic situation is the primary cause. When the Secretary of Agriculture in the United States got on the radio, in the summer of 1928, and stated that \$1.20 was an absurdly low price for wheat, or words to that effect, and that it does not reflect the proper purchasing power of wheat as against other commodities, and the farmer should not sell his wheat at those prices,—I know that hindsight is much better than foresight, but I said at that time, and I have

said many times, that there is not a well informed merchant in the world who believes that kind of stuff. We believe that \$1.20 is an exceptionally good price for wheat with conditions as they are. That is what we believe, but we have nothing to say about it; it is taken out of our hands. I know that at that time I said, "Well, let the United States hold their wheat, why should we worry? We will get ours marketed".

Mr. LUCAS: What was the attitude of the United States at that time, what had it to do with the practice of buyers hedging?

Mr. RICHARDSON: Generally speaking, the trade always hedges. A man with a large line of elevators may be bullish on wheat, and it may be that he is wrong. If he is long on the market, he may have 50,000 or 100,000 bushels of wheat without hedge. I believe the large part of the trade was favourable to the market, but the bulk of their wheat was held and the bulk of it was carried by speculators, and I am afraid a lot of it was carried by Western farmers.

Mr. LUCAS: Is it not a fact that the average quality of the Argentine and the European crop was higher in that year than ordinary, and therefore they did not require so much of our high-quality wheat to make that good local bread of which you spoke a while ago?

Mr. RICHARDSON: That was a fact; but there was a part of the Argentine which exports grain which competes with that from Manitoba. I think economic conditions were the determining factor; and regardless of what anyone else may say, officially or unofficially to the contrary, I am convinced, as a merchant, absolutely that there was a certain resistance set up against America on the plea that we were trying to hold prices unduly high as against the consumer, and that economic conditions had gone against us, and now that we were down they were going to kick us in the face. I have no doubt of that at all. I think that they went out of their way not to buy our wheat. I said to a representative of a large English mill, "How do you feel to-day on the situation?" And he said, "Oh, our people are hot against buying Manitoba wheat." I said, "They won't say so, but that is the fact," and he said, "It is". I said, "How do they feel to-day, would they rather buy Argentine wheat than our wheat?" and he said, "They would".

Mr. DONNELLY: Did he give a reason?

Mr. RICHARDSON: I do not know that he gave a reason, but that was the fact.

Hon. Mr. MOTHERWELL: The reason was that Argentine wheat was good wheat?

Mr. RICHARDSON: That was the reason, but I think that they went out of their way, when they saw our market declining, to get along with as little wheat as they could from us, partly with the idea of accentuating the decline in our market. That is my personal opinion.

Mr. CAMPBELL: Is it not a fact that the private grain trade was holding wheat as well as the Pool was at the end of the year?

Mr. RICHARDSON: I say that a lot of the grain trade were holding wheat, but it was the general system that made the market. Most of those fellows were all hedged up. When they saw that they were wrong on the market, they evened themselves up. I think that generally speaking you can say that the man on this side generally favoured the long side of wheat, in so far as the trade have a position. If the farmer lost money on a big decline on the market, the trade loses money too. So far as they have a position, it is usually on the long side. You can get more enthusiasm over here on an advancing market. Over in Europe, no matter what they say, you cannot create any great enthusiasm over higher prices.

Hon. Mr. MOTHERWELL: Naturally.

Mr. RICHARDSON: They might sympathize with it and they might talk about it and say that they deplore the situation, and say, "We will go over and introduce you to the miller and see what he will do for you," and he will buy as cheaply as he can.

Mr. LUCAS: Speaking of hedging wheat, does your hedge hold when your wheat is in Montreal or Philadelphia?

Mr. RICHARDSON: Yes, we carry the hedge until the wheat is sold. If the wheat goes on the ocean unsold we still carry the hedge, because if we did not have the hedge we would not be able to carry the market. We are able to offer wheat every day, on the ocean. If the wheat is on the ocean on the way to market we keep it hedged until it is sold.

Mr. VALLANCE: You read from a pamphlet your statement in 1922 regarding the boosting of prices?

Mr. RICHARDSON: Yes.

Mr. VALLANCE: Would you mind reading it again?

Mr. RICHARDSON: "To try and boost the Canadian wheat price above its value in the world's market would get us nowhere. We would only be holding an umbrella for wheat producers in other countries to sit under, and we would be encouraging production in other countries instead of in our own."

Mr. VALLANCE: You would mean by that, as I understand it, that to attempt to get control or hold back would be responsible for that state? Anything that we would do by holding wheat back out of the market, say the price is not right and we would hold the wheat back until the price is right, would you consider holding wheat as a means of boosting prices?

Mr. RICHARDSON: I said any artificial control of prices would result in increasing the production in other countries and would ultimately work to our disadvantage.

I believe we are favourably situated, I believe that in price and quality we do not have to fear anybody introducing wheat. I am sold on the idea that we will succeed and permanently succeed as a wheat exporting country. I have got most of the capital that I have in country elevators and terminals, and I may be prejudiced on that point. Mr. Smith, who is with me, is in the same position. That is our judgment and we back it with our money; and I am not apprehensive about that, and I am perfectly satisfied that 60 cents for wheat will encourage consumption and will discourage production, and the situation will correct itself.

Of course it is true that when Germany had a duty of \$1.62 a bushel on wheat, it means that they did not want, on account of their national finances, to allow their people to purchase any wheat; and when this \$1.62 a bushel is on, whether our wheat is 50 cents or 60 cents a bushel does not seriously affect the situation. I do not believe that is a situation which will continue permanently with a great consuming country like Germany, because that duty on wheat in Germany is prohibitive. They were doing their utmost by every means in their power to get their people to use rye and other substitutes; but now that they have been used to wheat flour they are insisting on it.

Mr. VALLANCE: What would you say, Mr. Richardson, supposing, for instance, we had some means whereby we could control the entire sale of wheat, do you think it would redound to the credit of the grower or to the detriment of the grower? Would it increase the price of wheat at all? Talking as a Canadian, would any system of control at all redound to the credit of the grower?

Mr. RICHARDSON: Of course I may be regarded as a prejudiced witness, but I feel that it is absolutely essential that you must have some system to absorb the shock of price readjustment, when you are dealing with a commodity

that is affected every month in the year and you may say every day in the year by the condition of the growing crop and by general world conditions affecting transportation and finance, you have got to have some system that is going to absorb that shock and meet the conditions of surpluses or short crops; and I believe that the open market that we have established is the only system that will meet that situation in the long run; and I believe that in the final analysis, taking prices and quality together, that we can succeed against any of the other wheat exporting countries.

Mr. COOTE: On what do you base that opinion that we can succeed in competing with any other countries? There is the question of freight hauls, and so on.

Mr. RICHARDSON: I base it upon the fact of the character of our soil and our yields, and the fact that our wheat commands a premium. It is high in protein and it commands a premium over other wheat. If we can meet the other fellows's price, we will get all the business.

Mr. DONNELLY: What do you figure the average cost of production of wheat in Canada to be?

Mr. RICHARDSON: I have tried to figure that for years, and if I made any statement here, I am sure every gentleman present would be able to show I was wrong. If you are going to figure that a man with a four horse team is to be worth \$6 a day in the Spring and Fall and \$8 a day for the Summer, that is one thing; if you are only going to figure that a man with a four horse team is worth \$1.50 a day, that is another thing.

Mr. COOTE: I wish you would carry on your comparison with our competitors in regard to freight haul and the distance from tidewater. What is the difference in the freight rate?

Mr. MYERS: For instance, comparing the Argentine freight haul with ours to Great Britain.

Mr. RICHARDSON: I can give you an average. Of course we enjoy a big advantage in ocean freights from our North Atlantic freights to Great Britain or the Continent, which is a distance of about 3,000 miles. From Vancouver it is about 11,000 miles through the Suez, and about 11,700 miles around the Cape; and from the Argentine to the United Kingdom is about 6,000 miles; but there is quite a trade between the U. K. and the Argentine, bringing grain out and taking coal back, which works out to good advantage.

Mr. MYERS: Does the same ship which carries wheat carry coal?

Mr. RICHARDSON: Yes, sir.

Mr. DONNELLY: What does it cost to carry wheat to Great Britain?

Mr. RICHARDSON: The freights are getting less all the time. The St. Lawrence freights are very low, and we have distress freights on the ocean. While the freight structure on the ocean is very low, it works more in favour of the long hauls than it does in our favour. But, to answer your question, if you take twenty-five cents per hundred pounds, where you are paying 15 cents a bushel to the head of the lakes, we put stuff from the head of the lakes into Liverpool, we are figuring this spring, at about eighteen cents a bushel. With lower freight rates now, we will put it across there for about fourteen or fifteen cents, probably.

Mr. COOTE: Where do you mean?

Mr. RICHARDSON: From Fort William to Liverpool.

Mr. COOTE: Then the cost of the freight from Saskatchewan to England, and from Argentine to England,—that is what we would like to get,—would be something over thirty cents?

Mr. RICHARDSON: These are all subject to fluctuations in river and lake freights, but I would say thirty to thirty-three cents a bushel.

Mr. COOTE: What would it be in the case, say, of the Argentine?

Mr. RICHARDSON: There are times that I have been looking at the Argentine freights, but I would want to check that up a little bit before I would say. I do not want to give figures unless I check them up again.

Mr. COOTE: Has the Argentine farmer an advantage in freight rates?

Mr. RICHARDSON: I do not think so. I think their interior costs are fairly high. I think they have got the worst merchandising system in the world, and we have the best.

Mr. COOTE: You could not give us the figures on that?

Mr. RICHARDSON: I could look them up very quickly. Their interior costs I would probably have to table on, but the ocean rates have had a big shrinkage, and the freights from Argentine would depend somewhat upon the return freight. There is a big movement now in corn from the Argentine; just the same as we are shipping grain in September and October, their big corn movement is in May and June, and they are shipping heavily on corn now.

Mr. COOTE: Would you say that we have any advantage over the Argentine in freights?

Mr. BROWN: That is from the farm?

Mr. COOTE: Yes, it is from the farm that I am talking about.

Mr. RICHARDSON: I think so. Of course Australia is out of the picture because it costs them nearly as much to put it on the boat at a lot of their points as it does us, and then they have to pay freight on it; and they only get about ten bushels to the acre.

This year they took our Oriental business entirely away from us owing to the fact that their exchange situation was very low, and they were taking advantage of it.

Hon. Mr. WEIR: Of course it is as broad as it is long, because if they had not shipped it to the Orient, they would have shipped it into Europe against us.

Mr. CAMPBELL: Would you suggest, then, that if the Canadian currency were depreciated to the extent that the Australian is, that is if the world's exchange were against us, would it put the Canadian farmer in the preferred position?

Mr. RICHARDSON: If our exchange were depreciated, our wheat would be higher by probably thirty per cent.

Hon. Mr. MOTHERWELL: How would it when you come to spend the money?

Mr. YOUNG: How would the depreciation of currency increase the price of wheat?

Mr. RICHARDSON: It is very easy. If they were paying us, say, in sterling, we would be getting the same price for wheat that we are to-day, but a Pound Sterling would be more of our money.

Mr. YOUNG: That is, the farmer in Canadian currency could pay more of his debts than he can to-day?

Mr. RICHARDSON: I would not say that, because you would get inflation all along the line; I do not say he would buy more with it.

Mr. VALLANCE: But he would pay more debts?

Mr. RICHARDSON: Yes, he could pay more debts.

Mr. VALLANCE: And that is the only good feature about it. Now you have started something.

Mr. COOTE: Just to clear up that point, Mr. Richardson, is it not a fact that Australia has largely taken the Oriental market from us on account of their exchange situation?

Mr. RICHARDSON: Undoubtedly.

Mr. COOTE: And has it not made it easy for the Argentine to take our market away from us?

Mr. RICHARDSON: Undoubtedly.

An Hon. MEMBER: How does the No. 1 wheat compare with wheat from the Argentine and Australia?

Mr. RICHARDSON: That is an important question. In answer to a question asked me a few minutes ago, I said our wheat beat the world. We could set up very quickly a comparison between ours and other freights, but I have not done it. The quality of our wheat will give us the edge unquestionably as against the Argentine.

There are places in the Argentine where they grow wheat which will weigh 64 pounds and which will perhaps sell close up to Manitoba wheat; but they ship their wheat on "fair average quality" which is just the same as if we took our wheat, No. 1, 2, 3, 4, 5, 6, and rejected, smutty and everything else and put them all in together and sold it on the basis of "fair average quality".

We ship over No. 1 Northern, No. 2 Northern or No. 3 Northern wheat; and of course our high qualities of wheat are worth more than the "fair average quality".

An Hon. MEMBER: Do they not grade their wheat the same as we do?

Mr. RICHARDSON: No. They have over in London a large machine into which they put the wheat, and running the machine they get a fair average quality; and they sell a cargo "fair average quality"; and then they take samples of all the cargoes which come in that month, and at the end of the month it is suggested that your cargo was under fair average quality or was over fair average quality; but that is the basis on which their crop is sold.

I have no hesitation in saying that in my judgment we have in Canada the finest grain merchandizing system in the world; and I think that the Argentine has the worst grain merchandizing system in the world; and I am perfectly satisfied that we will see some shrinkage in their acreage. Of course their standards of living are lower; but I think we will see some shrinkage in their acreage.

A farmer says he cannot produce wheat for the money, but the situation is that he has produced it, and we do not want to encourage him to produce more wheat than there is a market for, because when he has produced it he has to take what he can get for it. And that is the situation which every wheat exporting country all over the world is suffering from.

I know you gentlemen are interested in and are wondering how our market is going to function next fall. If we have an open market, how will it function?

Now, I think it will function very well.

I have observed merchants, and I know that Mr. Smith has many times, and we have thought that the bottom was going to drop out of the market, and buyers have come along from some source, and the system has functioned for many years in a wonderful way. But as long as lead and zinc are under three cents a pound, and copper the lowest it has been in years, and rubber down to four cents a pound, and sugar down to a cent a pound—if any gentleman here could say what rubber and lead and zinc and copper and wool and coffee, and all these other commodities are going to rule at next fall—whether there is going to be an appreciation in the price of these commodities, I think with a little study we might make some kind of a reasonable forecast in regard to what we might expect in the way of wheat; and in the improvement in economic conditions, I think would reflect a better wheat price. I think everybody believes wheat is cheap. We have tables from Rotterdam and we exchange cables with them. They give us their views on the territories which they review,

and they say that the development of the Canadian Northwest is a matter of no concern to their market. The markets have no interest because economic conditions override every other condition. Now, I think that at times some years ago, the operation of an open market was very seriously affected by the enormous fluctuations in the money exchanges of Europe. There would be times when we would not have the constant buying power in the market; it would be out of the market altogether owing to currency dropping 50 per cent overnight, and the buyer says, "I am going to wait until the purchasing power gets back." For a while we had tough conditions. Now, we have very different conditions from those which prevailed at that time.

MR. DONNELLY: What is your estimated yield for western Canada this year?

MR. RICHARDSON: The forecasting of a crop in advance is not a very healthy pastime. All I can say is that judging by the outlook at present—I think we can intelligently do that at almost any time—that what the crop will yield now, based on normal average expectation of weather from now till harvest. If we are going to have a very long period of ripening weather and no frost until Christmas, and lots of other conditions which will help some of the late grain, with the normal expectation as at present, we have not an indication of a crop of over two hundred and fifty million bushels of a total.

HON. MR. MOTHERWELL: And it will take all of its time to do it?

MR. RICHARDSON: I think so.

MR. COOTE: Would that be your estimate?

MR. RICHARDSON: I would say that that was all we had any right to expect from present indications.

HON. MR. WEIR: Is that an optimistic estimate?

MR. RICHARDSON: Yes, that is probably a little optimistic; but we never had a dry year when wheat did not yield just a little better than it looked.

MR. COOTE: Do you think that if we have a crop of two hundred and fifty million bushels, and with no provision made for marketing it other than the use of the open market which you recommend, that wheat will not be depressed below its present price in September and October?

MR. RICHARDSON: It will be the height of folly for me, an ordinary individual, to attempt to say exactly what may happen. Of course, if economic conditions in general improve, I am perfectly satisfied myself that if a fellow has wheat and puts it away at sixty cents, it will not cost him any money if he stays with it long enough, and he will have to stay with it a little while.

MR. COOTE: We are concerned with the farmer who will have to sell his wheat at the machine, and the price he will get out of it?

MR. RICHARDSON: You get a situation where the price declines to an extent where the seller will not sell, and new forces may sell. Now there is a lot of grain in our country elevators now.

MR. PERLEY: I think what we are concerned about is the system of marketing. What, in your opinion, would be the best system to allow the line elevators to continue with their present sales staff, and, say, the pool elevators, as they are going now with their present sales staff, to operate along the line of the old Saskatchewan Cooperative—take that system as against a wheat board?

MR. RICHARDSON: Of course, I think I can speak for the grain trade when I say that we have no feeling in any way antagonistic to the farmers voluntary cooperative marketing any way they want to in the handling of their crop. We have to justify our existence by service, and confidence in the people for whom we work. The last thing we can afford to do is to quarrel with our

customer. We might as well close up shop. I have no desire to do that. The farmer has a perfect right to merchandize his grain as he likes. We will give him our judgment. I do not say it is better than his. I think the cooperative method has shown great promise, and I would like to see that carried on as a connecting agency alongside all the existing conditions, and to that extent, as long as the competition is carried on in an intelligent business administration way, we will welcome it; and if the producer feels better—if he feels he can get a better service under that organization let him be the judge. That is our point of view. Now, as far as a wheat board is concerned, of course, I am dead set against the wheat board.

Hon. Mr. WEIR: What is your idea of a wheat board?

Mr. RICHARDSON: Well, that would be a wheat board that would regulate price.

Hon. Mr. WEIR: Would set prices?

Mr. RICHARDSON: Would set prices.

Mr. McMILLAN: Set prices and dispose of the wheat.

Mr. RICHARDSON: Yes, fix prices from time to time at which the wheat was to be sold. I feel it is much easier to get a fish-hook into a thing than out of it, and when you come to the end you will have another problem on your hands. I feel that the grain trade is well organized, and although you may not agree, we are a very hard working bunch of fellows, and there is not any office building in Canada where there are as many people working six days a week and seven days a week and half the night as in the Winnipeg Grain Exchange. The biggest office building in Canada—and I do not know anybody who ever got anywhere in the grain business who did not work hard. I believe that on the whole we perform a rather efficient operation, and I would not want to see any monkey-wrench thrown into our machinery.

Mr. VALLANCE: Did you ever see anybody grow wheat who waxed rich on it?

Mr. RICHARDSON: I never knew a fellow who wanted to retire.

Mr. PERLEY: Which would meet with best approval in Europe, the grain trade, the wheat board, or the other system?

Mr. RICHARDSON: I am satisfied that the wheat board would be resented by the buyer abroad. It sets up an artificial resistance. I do not say that he will not buy our stuff, but we will not have the preference; everybody else will have the preference. Now, the way I feel to-day, with economic conditions the way they are, is that one has to be careful in being too emphatic in what he says. I would not want to guarantee what the wheat price will be, although I did go on record last November in a very emphatic way in saying that our One Northern was worth sixty cents a bushel, and I could not see that there was any risk in carrying it. I thought that with regard to the situation as it was in Europe what we wanted to do was to create confidence, and I felt that we could handle the German situation and the French situation—that we would sell probably just as much wheat at sixty cents as at several cents a bushel below sixty cents. The way I feel to-day is that none of the channels of trade should be destroyed or should be put out of joint, and that if the government, in their wisdom, feel that a temporary economic situation is resulting in wheat selling for the time being below what it should sell for, and that that would right itself in six weeks or two months time—if they want to do that—if they want to put a little muscle into the market—inject a crutch under it for a little while—if they think it is wise to do that, whilst operating through the ordinary channels of trade where you can step in, it has cost you nothing if you are right. If you are wrong, you have taken a limited loss and you are out; but you have not disturbed or destroyed any of the existing machinery which I believe to be highly efficient.

Mr. CAMPBELL: How do you suggest that the government could put a crutch under the market with the existing trade machinery?

Mr. RICHARDSON: Well, I do not know, of course, just what would be the ultimate plan. Mr. MacFarlane is operating for the general manager of the Wheat Pools, and it might be possible that his services and facilities would be utilized.

Mr. CAMPBELL: In what way? To operate a wheat board?

Mr. RICHARDSON: Not to operate a wheat board. I contend that our grain is exported and merchandised most efficiently and economically, and I know myself, and Mr. Smith is in the export business—I know our connections. I have some of the best connections in Europe. We have been in the business over seventy years, and we have picked some good agents, and if I cannot sell any wheat in some of those markets on an equal break, it cannot be sold; and I know, as far as I am concerned, that the wheat pools or the wheat board cannot sell in these markets unless they undersell me. I have been in business in this country for many years, and my father and grandfather before me, and I can hold these customers on my merits if I meet the price, and I can meet the price. My organization, and Mr. Smith's organization, or the organization of others are here by the survival of the fittest, and we wage war every day on our right to exist, and there are only a few of us left compared with what there were several years ago. We are just as ingenious and resourceful in picking our lake freights, river freights, ocean freights, and watching our exchange as anybody that you can go out to select to run a wheat board, because we are there by right of test. I do not know how long we will be there, but as soon as somebody else does the job better we will have to get out.

Mr. CAMPBELL: My point is this: you suggested that the government should put a crutch under the market by using the existing channels of trade. I want to know how the government can put a crutch under the market.

Mr. LOUCKS: Mr. Richardson said if the government felt they could.

Mr. RICHARDSON: I was coming back to your argument. What I was saying is that there is no money saved by any organization that can be set up that will carry the wheat from the Winnipeg market, out of Vancouver or any other place, and dispose of it upon the markets of the world more efficiently or economically than can the present organization. Of that I am very sure. If the market value wants to be supported, the place to support the market, if that is desirable, is in the primary market—right in Winnipeg. Let us all fight for the business, but do not attempt to carry that stuff on across the world, and particularly, ship it forward unsold; because I venture to say that if you ship cattle, hogs, meat, grain or anything else, and put it on the ocean without a home for it, it is a sure road to the poorhouse. If you put it there unsold, it is going to be something to shoot at, and it requires experience, ingenuity and resourcefulness to take care of yourself in the export grain business if you do not want to lose your shirt. I am not expressing an opinion as to what ought to be done, but I am going to say that if it is thought desirable—if conditions develop such as make it thought desirable to protect the market—then let Mr. MacFarlane, or whoever is in charge of the job, step into the market and, say, buy ten million bushels of wheat to take care of this crop. There is ten million bushels of sixty cent wheat. How much would you lose on it? You might lose ten cents a bushel.

Mr. LOUCKS: Are you seriously suggesting that the government should do that?

Mr. RICHARDSON: I am not suggesting it. I say if it is thought desirable to support the market, that is the way to support it; that is the policy to support. Now, I hope it will not be necessary to support the market at all.

The CHAIRMAN: Is that following the policy of the United States Farm Board?

Mr. VALLANCE: Up to a point. They were organized up to a point. Then they did that. Are you going to step in and do that without any organization at all?

Mr. RICHARDSON: Of course, it is the same old story. If you are going to put a dam across a stream, you are going to have a bigger head of water to deal with, and when you want to let it out you have a problem on your hands. The United States Farm Board, in their attempt to stabilize general commodities, felt that wheat was a leader, and they said, "we have taken care of copper and rubber, and now we are going to take care of wheat; wheat is a leader." Everybody in the world uses wheat. They do not know copper and zinc so well, but they know what wheat sells at, and if wheat is demoralized, then, from the psychological point of view, it is absolutely hopeless to attempt to stabilize these other commodities, and they have to get under wheat. They try to stabilize it at too high a price, and they had to get down again, and they had to come down once again, and now they have their wheat on their hands, and their problem is a cumulative one. It started in 1928 to elect Mr. Hoover. The price of wheat must be kept up until after November 11, 1928, and, of course, they kept it. They did not sell it. As I said earlier, any wheat that you carry over from an old crop has a marked effect on the following crop—far more than offsets any advantage that accrues to the old crop.

Mr. COOTE: And following the belief that you just expressed, could we take it for granted that your opinion would be that the market should be left to take care of itself regardless of where the wheat goes?

Mr. RICHARDSON: I believe, in the first place, that the market should be allowed to take care of itself absolutely; but I would not say that under certain conditions in the world there might not be a situation develop where we would be justified in injecting a little muscle into it temporarily. Now, in the grain business, we have never found it profitable to look too far ahead, but we have found it profitable to be ready to move quickly. And the machinery is all ready there. If it is desirable to do this, I certainly would not put a prop under it that would stop us making our normal, reasonable contribution to the world's imports during the period of the year when the world looks to us for its supply. After Christmas it looks to the southern hemisphere. If we do not sell a reasonable amount of wheat before Christmas so that we may feel reasonably comfortable, we become, after Christmas, anxious sellers. When the Argentine and Australia are also anxious sellers.

Mr. COOTE: How low should we let this price get before we consider injecting that muscle into the market?

Mr. BOWMAN: Is not that a matter of opinion, as to whether the market will get low or not—something upon which no two men might agree?

Mr. RICHARDSON: Yes.

Mr. VALLANCE: If such an organization was set up, as you suggest, where the government might intervene and put a crutch under the market, by that very act of Canada, would it not also protect every other exporting country?

Mr. RICHARDSON: Yes. Of course, there is an inter-relationship. When you let the market go all to pot, you break the world's market structure.

Mr. HAY: I do not think it would help very much. Would it not harm our market?

Mr. VALLANCE: Do you mean if you stepped out to control it?

Mr. LOUCKS: It should be international.

Mr. RICHARDSON: No, I do not think so. You create a resistance. They go out and say, "these people are holding us up. You put in more wheat and we will buy your wheat." If you get together and say, "we will not sell you this wheat except at our price," they say, "this is going to be an effective monopoly against us, and we are going to give bounties to our people to encourage them to grow wheat." So, the less noise to-day the better. But, of course, I feel that number One Northern wheat at sixty cents a bushel is not going to hurt anybody if they sit with it long enough. I think Mr. Smith will agree with that.

Mr. VALLANCE: You say, "if they sit long enough with it." Are you talking now of the producer of wheat getting sixty cents?

Mr. RICHARDSON: No, I am talking of sixty cents a bushel in Fort William; but the place to carry the wheat is back on the farm, and not to get this stuff all out in the showcase, in the elevators, where you have interest, storage and insurance accumulating all the time. The farm is the cheapest place to carry it, and any system that brings our stuff all out is wrong. Take the case of the United States Farm Board. They paid twenty-five cents a bushel more for May wheat than for July wheat. Of course, everybody who has a bushel of wheat in the country—he would not sell it and buy July at twenty-five cents—and the elevators had to supply the capacity, and the United States had to get facilities to take care of the new crop.

Mr. VALLANCE: On that point concerning holding it back on the farm, have you statistics to show whether since the operation of the pool, there has been less wheat delivered through Winnipeg, say, from September to November, than there was prior to the establishment of the pool?

Mr. RICHARDSON: No, the operation of that has been to bring the wheat forward to the lake-head. The farmer wants his advance, and he gets the advance when he brings the wheat out, and the making of that advance tends to bring the grain out to the lake-heads.

Mr. DONNELLY: What method are you going to suggest to finance the farmer who keeps his wheat? He has got to bring it out to pay his debts. He has taxes to pay, and interest on loans. He has got to live. How are you going to help him hold the wheat on his land?

Mr. MULLINS: Should not the banks come to his assistance?

Mr. VALLANCE: He would be paying the bank instead of the trade for insurance and storage. He might as well pay the trade as the bank. I think the trade does it cheaper.

Mr. MULLINS: If the banker were to come to the farmer's assistance at a low rate of interest, it would give the farmer a chance to carry his grain on the farm.

Mr. YOUNG: Mr. Richardson, I understand that the service you render is to take the wheat from the farmer at Winnipeg and put it into the hands of the European miller. Apart from freight rates, what does that service cost the farmer?

Mr. RICHARDSON: The Turgeon Commission went quite exhaustively into the question of country elevators, and they asked the country elevator operators to provide them with certified audit statements for the previous three years. Now, those statements were not statements that were prepared for the commission; they were statements prepared for the directors and shareholders of the company before there was ever any thought of a commission being established, and they provided Dr. McGibbon, who was a member of the commission and asked for that information, with copies of our audit statements for three years, and they sent accountants down to explain everything. He made a finding over

three years of what our net profits had been. He wanted to find out what you are now asking: what was the net toll taken from the farmer for this service. I do not know that I could say exactly what that toll was, but it was under a cent a bushel—I think four-fifths of a cent a bushel. Now, as far as the exporter is concerned, if we get five-eighths or three-quarters of a cent a bushel, we are well pleased. We do not average that on our business.

Mr. CAMPBELL: That would be simply for the handling; it would have nothing to do with any money made privately by speculation?

Mr. RICHARDSON: That is the export business. If we speculate well, we may likely lose our export profits. We keep that in a different book.

Mr. CAMPBELL: Is not the speculation made privately by members of a firm—as if an individual might sell a lot of options?

Mr. RICHARDSON: No. I have never done that in my life.

Mr. CAMPBELL: It is done by the company itself?

Mr. RICHARDSON: Of course, there are some hazards incidental to doing the business. We might take action in anticipation of business. We might move our grain forward under certain circumstances where we think there is some cheap ocean freight, or we might take freight to a certain point where our correspondents advise us the millers will be buyers; but if we do not take that freight, Mr. Smith might take it. We take that freight and sometimes use it, sometimes not. But there are a lot of hazards incidental to the business. A cent and three quarters would cover all that is ever taken—the net toll taken from the time the farmer puts it in the elevator until it reaches the buyer. Now, we have our elevator charges, say, for export service. There are the elevator charges at the head of the lakes, our lake freights and river freights, our water freights and rail charges, checking out out-turn, putting the grain on the ship, insuring it, guaranteeing the out-turn, selling it to the buyer abroad, taking his money and selling that exchange, and converting it into our own money. We take a hazard on ocean freights, on lake freights, cash premiums, and we do all this service, and we get three-quarters of a cent a bushel. I do not average it. I do not think any exporter averages three quarters of a cent, and we are dependent on making it on a big turn-over.

Mr. LOUCKS: Would you have more advantage on a low priced wheat than on a high priced wheat; would you have to pay so much money?

Mr. BOWMAN: What would you say generally as to the practice of exporters speculating in the market? You have been in the business many years and you say you have never speculated?

Mr. RICHARDSON: I would not say that. I was asked if I personally speculated. I say no; I work for a company; but there are times when we think we are going to do business on a certain night; we feel it from our cables, and we go out and ask too much profit—a cent and a half or a cent and three-quarters profit, because we are afraid the market will not be the same in the morning. We do not sell any. Somebody else has not had to sell any. The next day we say that we are going to sell that wheat. We expected a big export business over night. The next morning the market opens up at three-quarters; we are out a cent and a quarter in our operation, and to protect ourselves against that, where we feel we are going to do business over night, we may buy two or three hundred thousand bushels of wheat to protect us, and then we will go and work very closely on that, and in the morning we have the wheat, and if they do not accept us in the morning, we may sell that wheat or keep it. But in the export business you have to move one step ahead of the other fellow. You have to sell before you buy or buy before you sell; but a large extent speculative position we do not take. We do not maintain that we are always ahead 100 per cent. There is a certain latitude, but not enough to put us out of business.

Mr. BOWMAN: As a matter of fact, the banks would not permit you to do much speculation?

Mr. RICHARDSON: The banks are opposed.

Mr. VALLANCE: As the result of your experience as a merchant in wheat under present conditions, would you say definitely that the only system to adopt now would be the free movement of wheat on the open market?

Mr. RICHARDSON: Yes.

Mr. VALLANCE: With no control?

Mr. RICHARDSON: Yes.

Mr. VALLANCE: At any rate, you have said that there is a possibility of us having 250,000,000 bushels of wheat in western Canada this year; how much would that leave for export?

Mr. RICHARDSON: 150,000,000 bushels. We will have 150,000,000 bushels in Canada. Of course, the American crop is not made yet, and there will probably be 250,000,000 bushels in the United States. That would total 400,000,000 bushels. And then we have quite a large carry-over.

Mr. COOTE: Do you remember what you said about the carry-over before?

Mr. RICHARDSON: The carry-over will be at least 200,000,000 bushels in the United States.

Mr. COOTE: And in Canada?

Mr. RICHARDSON: 130,000,000; perhaps more.

Mr. BOWMAN: The carry-over from the first of August?

Mr. RICHARDSON: Yes.

Mr. BOWMAN: Now, you said something about the grain trade being able to handle the crop, or about the two systems working together—the pools and the grain trade. Now, with respect to the trade will they have any difficulty in obtaining the necessary cash to look after the crop which might ultimately be handled through them?

Mr. RICHARDSON: No, as far as the business between the trade and the bank goes, it is a strictly business proposition. We have to keep our liquid margin up. They do not pay any attention to our elevators—whether we own any elevators—we have to keep a liquid position over and above our borrowing, and the bank has to be fully conversant with that. As soon as their money has become a risk, we are out of business and somebody else is doing the job.

Mr. COOTE: Do you think the market can hold up to sixty cents for number One wheat?

Mr. RICHARDSON: I say that I believe it is a cheap price. I have been twenty-six years in the grain business, and I have never seen the time until now when I could not buy any broken wheat or any good kind of feed at a cent a pound and feel it was an investment, that I would not lose any money on it; that it was just like putting the money in the bank. I have never seen the time when we have had to sell One Northern wheat of the character we have now at sixty cents. It is the economic condition that has brought that about, and it will rectify itself, and it has taken hold on this North American continent. Every time there is an announcement in the United States, it is advertised in Europe. Here is two hundred million bushels, and every time anybody wants it they are going to get it. You cannot get much of an investment on a buyer.

Mr. COOTE: That is what we are all afraid of.

Mr. RICHARDSON: I do not believe they will press that way.

Mr. COOTE: We saw wheat hit fifty cents last winter, fifty-one cents, and there is a fear in western Canada that when this present crop goes on the market wheat may hit that point or go below it. Would that not be rather disastrous for western Canada?

Mr. RICHARDSON: How low?

Mr. COOTE: It went to fifty cents at Fort William. Some people fear it may go even below that.

Mr. RICHARDSON: I heard fellows talking about forty-five cents last summer. They are coming up in their ideas a little bit. Of course, there is this to be said, that the lower the price goes the sooner it cures itself as far as the cutting of acreage goes in other parts of the world.

Mr. COOTE: What about our part of the world?

Mr. RICHARDSON: That is what we have considered. I think this price will be sufficiently effective to do the work.

Mr. COOTE: What is it going to do to our farmers?

Mr. VALLANCE: They will be eliminated in the curing.

Hon. Mr. MOTHERWELL: What will become of the farmers while the curing is going on?

Mr. RICHARDSON: We do not want to use any remedy that will kill the patient.

Mr. BOWMAN: Following up what Mr. Coote has said I rather think he has in his mind that the wheat board would help the situation by more or less controlling the supply to the European market, and by bolstering up the price. What would you say as to the creation of a wheat board on a condition such as he more or less anticipates?

Mr. RICHARDSON: I say that if you want to know what Manitoba wheat is worth—if you are living in Vancouver or New York or Hong Kong or Hamburg or Rotterdam or Antwerp or any place else in Europe, and you want to know what Manitoba wheat is worth you look at the Winnipeg clock, and it gives you the price plus transportation costs any place in the world. I say that I am afraid we will get into more or less chaos if we have not got some kind of machinery which kind of reflects and absorbs all the various factors going to make the price of wheat. The silver situation has been a very important factor in the matter. I know that I have for many years had the opinion that we could sell flour at eighty-five cents in China and that there was an unlimited market. We could sell any amount of stuff at eighty-five cents. But when they started offering flour over there at \$4.25 that was something new, and they were not interested at all, on account of the depreciation in the price of silver. There have been so many factors—the high prices in Germany and France, and the silver situation in the far east, and all these factors that we can foresee and that we are not able to foresee that go to make the wheat price. I do not see how you are going to get by it. We are willing to take the price on the open market, and the greater the machinery we have set up that will absorb all these shocks and take into account all these factors, and if they had the money over there and if economic conditions were better, the system of marketing is all right. There may be a little undue speculation now and again. It makes a very fluid market. It makes it so we can sell any amount of stuff abroad and step in and buy it, and work very close; but a wheat board, I think, would be more or less at sea in knowing what they are going to have for the wheat. If they do not have that market there as a guide, they do not know whether they are giving the wheat away or getting a fair price for it. That is a great guide to them, and a wheat board, in my opinion, would automatically set up a resistance on the part of buyers which would encourage the nationals of other countries

to encourage their people to put in a bigger acreage and perhaps give them bounties, and perhaps create trouble that would take some time breaking down.

Mr. COOTE: With all the dangers facing the wheat market at the present time, do you suggest we could take any action at all which might help us this fall, other than allowing all grain to be sold over the open market in Winnipeg?

Mr. HAY: I would like to ask you one question. In so far as the profits of the grain trade are concerned, if grain was normal, would it make any difference to the grain trade whether it sold at \$1.25 or 50 cents. In other words, if grain was moving normally, so far as these people who are handling grain are concerned, would it make it any difference whether it was selling at \$1.25 or 50 cents? If the grain was moving normally would your profits be the same; in other words, would it be to your advantage to get the best prices possible for the grain that your organization handles; would it be in the interests of your company to do that?

Mr. GARLAND: That is what one might call a leading question.

Mr. RICHARDSON: We are there as a clearing house. We are not a Christmas tree. We are primarily concerned in making profits. We desire that the highly competitive character of our business shall result in the farmer getting a good service, and at a proper cost. We are always fighting for the best price and for our standards of wheat according to Dominion Government inspection. We are fighting for good prices, because we have our markets and we are trying to get a better price from the buyer and a good profit out of it. As far as we are concerned, it is not, simply as merchants whether the price is 50 cents \$1 or \$2—as far as our merchandising is concerned that is a transaction that does not strictly, directly concern us, but indirectly concerns us. We are very anxious that a price shall prevail for wheat which will encourage the farmer to grow more wheat and give us more business to handle. Now, we have to-day facilities set up in the country, and if we have only \$250,000,000 of wheat we cannot get a new dollar for an old one. We have certain overhead expenses, and we want volume through our houses. Our interests and those of the farmers are the same. We want him to make a profit and to succeed and to grow more wheat.

Mr. HAY: We can understand that you want volume.

Mr. MULLINS: On account of your connection in England, which you have had for so many years, is it not a fact that buyers in England will lean a little towards you? I find it so in the cattle industry. Is it not in the grain industry the same thing?

Mr. RICHARDSON: We do not depend on them to show us any favours.

Mr. MULLINS: I do not think they will give you any bouquets, but they will give you a preference in buying, will they not?

Mr. RICHARDSON: We have certain connections where, I think, everything else being equal, we get the preference; but not to the extent of an eighth of a cent, if we are an eighth of a cent different.

Mr. PERLEY: Do you care to state what is, in your opinion, the weakness in the system of a pool market?

Mr. RICHARDSON: I do not think that would be desirable for me. I have got along without quarreling with the pool in any sense since they started. 50% of the business handled through our elevators is pool grain. I solicit that business. As I said at first, and I say now, the farmer has a right to merchandise his grain any way he pleases, but in our opinion we do not believe that this operation will ultimately accrue to the farmer's benefit.

Mr. CARMICHAEL: Is it not a fact, based on our marketing experience, say, prior to the war years—take 1913 and 14 and 15 in—is it not a fact that under the open marketing system the tendency to flood the market with grain had a

depressing effect on the price of grain, and later on the price had a tendency to rise after the bulk of the grain is placed on the market? Would that not be the tendency under the open marketing system?

Mr. RICHARDSON: During the months of May, June, July and August—during the summer months, there is a period during this time of the year when the crops of the northern hemisphere are being made. Now, when those crops are made and those services are ascertained and that wheat goes on the market, the wheat will go to a level. Those conditions, normally, are the causes that make our prices in the fall of the year. The crops in the northern hemisphere make our fall prices, and when those crops are made the wheat will sink to a world level, based on the wheat available, or it will rise. We have, frequently, when our wheat was marketed, seen it rising all the time, but if there is an enormous amount of wheat in the market it will sink to a level in which buyers have confidence; but that may be higher or it may be lower. But as far as the idea goes that wheat is cheap in October and November and lower in the other months of the year, there is no greater fallacy in the world. My father always used to say that the farmer who sells his wheat from the threshing machine in the fall of the year, year in and year out, is a lucky farmer. It is not a question of theory; it is fact. We have records in the Winnipeg Grain Exchange on the price of wheat every month in the year, and those records will show that our fall prices—when we take into account interest, storage and other charges—that our fall prices are the best in the year, year in and year out. I know there is a fallacy that it is always cheap in the fall. If it is always cheap in the fall, why would not the English miller and everybody else come along and buy his wheat for six months ahead. He does not do it because he says, "I will buy my requirements, but I do not know how the southern hemisphere will do after Christmas." The crop of the northern hemisphere make the price before Christmas; the crops of the southern hemisphere make the price after Christmas. The world has taken wheat from us in October and November. The price for May wheat will be largely determined by the crops in the northern hemisphere. If we knew in advance what the crops of the southern hemisphere were going to be after Christmas, we would have a good idea whether to hold our crop or to push it out faster; but that is an unknown factor. Of course, in those months of the year, October and November, the world level will be settled by the crops of the northern hemisphere, and after Christmas by the crops of the southern hemisphere. The greater the absence of pressure in the southern hemisphere more bidding for our wheat will raise the level.

Mr. CARMICHAEL: Prior to the inauguration of our wheat pools, the grain as marketed in the markets of the world by the farmer was placed on those markets by the grain trade. I am assuming that to be the case. The question I wanted to ask was this: is it not a fact that the inauguration of the wheat pool by letting the wheat flow gradually on the world's markets at the rate of 16 or 18 or 20 million bushels per month, extending over ten or twelve months, has had a better effect on world prices than letting it all go on the market in the fall of the year, as the practice was under the grain trade?

Mr. RICHARDSON: Of course, the buying in Europe of wheat is the same as it always has been.

Mr. CARMICHAEL: I am a grain grower—one that grows grain and sells it. Look at it from the point of the grain grower.

Mr. RICHARDSON: I would have to answer that this way. The United Kingdom during the last ten years, has imported about 280,000,000 bushels a year. It has re-exported about 10,000,000 bushels in the shape of flour. That is about 4,000,000 bushels of wheat per week. The United Kingdom were taking that week in and week out, whether the price is up or down. Bread is

the cheapest food. It may be as they did in 1929, that they will make a poorer loaf of bread and take some inferior wheat to make the flour, but the importations kept about the same all the time. If we had no other buyer than the United Kingdom, they could dictate the price. The fluctuations in the price of wheat are not made by the United Kingdom; they take that quantity all the time. They are a factor, and the biggest buyer, but they do not make the price. At least, they take 200,000,000 bushels of which 40 per cent is Manitoba Blend—80,000,000 bushels. We might have 400,000,000 bushels to sell; 40 per cent of their imports would be only 20 per cent of our exports. Our market is not made by the fellow who buys 20 per cent of our crop. It is the Continent of Europe, and non-Europe, that is the uncertain factor. We know for instance, just what the United Kingdom will take every week in the year. They are buying regularly. They are not speculating at all at the present time. They never anticipate their requirements very far ahead. They never have more than two or three weeks' supply. When something happens in the world which they think makes the price of wheat stronger, they will anticipate their requirements for a few weeks ahead, but the wheat is arriving there evenly every week in the year round. You cannot sell them any more wheat than that. But if in the fall of the year we do not supply them with a percentage of wheat—if we do not meet the world's market and supply them with a percentage of our crop then we have to carry that over until after Christmas. Now, we are interested in supplying to-morrow's breakfast. Yesterday's breakfast is gone. If we do not supply yesterday's requirements we have just twice as much stuff on our platters. If we have to sell 1,000,000 bushels of wheat every day, and we do not sell any to-day, we have 2,000,000 to sell to-morrow. I think it is very important in the fall of the year when the world normally looks to us to take care of a certain amount of their requirements—it behooves us to see that we get that percentage of their requirements, and of course, get it at as good a price as we can possibly get for it.

Mr. BROWN: On the question of orderly marketing, would you consider there has been any change in the past?

Mr. RICHARDSON: I cannot see it.

Mr. LOUCKS: I am a farmer in western Canada. Has it not been the practice that there is a premium paid in September?

Mr. RICHARDSON: Yes.

Mr. LOUCKS: We go on to October and November, and the fact that there has been a premium paid on that wheat offers an inducement to push that wheat down to Winnipeg. Let us protect the European market. We are shipping around 200,000,000 bushels, and we have to acknowledge, that as far as Europe is concerned, they have taken it, but we are not shipping it to Winnipeg orderly at all. What is the tendency on that market? Our experience is that the trade has taken advantage of the farmer.

Mr. RICHARDSON: I want to get this clear. Of course we very often in the past have done just what we want to do, that is sweep our bins clean at the end of the year. My grandfather used to say that when there was a big crop they eat it all up, and when there is a short crop there is always enough to go around. When you have a big crop it gets into the tail end of the next crop. When there is a small crop the bins are all cleaned up and you get a rally at the end of the crop, and millers are bidding for it, and there is a demand for flour. They want the first rush of wheat, and the first fellow who supplies that rush demand is going to get a better price. When that rush demand is satisfied, the buyer becomes less insistent. He may take some of the wheat at a price, and in fact the foreign buyer may pay quite a premium for the first run of wheat because he is short; or he may hold off and say that in a few days he will have

plenty of Manitoba wheat; but the rains may have held off and our wheat may remain quite a time until the full crop comes in; or our own mills may be taking the early wheat. When you satisfy the demand, they wait until you have the whole crop.

If we have only 50,000,000 bushels of wheat in the market, we could sell it all to fellows who want it for blending purposes and who would pay quite a fancy premium for it; but when we get into big quantities of wheat we are not supplying that for blending.

A little while ago we were furnishing fifty per cent of the world's requirements. We cannot set up that we are supplying just an ingredient to make a better mix, but we have become a basic source of supply; and we cannot get a premium for our wheat. It is the early run of wheat which will get the premium; and then you take the premium off and it is the fortunate fellow who has had the early run of wheat who gets the profit.

Mr. DONNELLY: You say that anything which tends to keep it up will give our wheat price a black eye in the market of the world. You do not mean by that that if the Government thought right to get behind our wheat and give us a bonus of five or ten cents a bushel for our wheat, that that would give us a black eye.

Mr. RICHARDSON: I do not think so. I do not think anybody can say that they are being held up for wheat at any such prices as prevail. I do not think anybody can make out a very good argument that they are being held up.

Mr. LUCAS: I think what this committee is concerned with, I know I am and I think some of the others are, as you stated a while ago, owing to the surplus that is existing in the world, there is no incentive for the speculator to go into the market.

Mr. RICHARDSON: Yes.

Mr. LUCAS: We know that in Canada wheat is the only commodity on which we can raise ready money in the fall; and we know that with the economical conditions existing at the present time there is going to be a very insistent demand for money this fall, and what some of us fear is this, that with the markets as they are and with the lack of the speculator, which may have some effect on the market, and with the insistent necessity for the farmer throwing his wheat on the market as soon as it is threshed, there is going to be possibly a collapse in the present prices; and I think what this committee would like to know is what you suggest can be done or what should be done just to prevent that collapse, which might only last for, say, a month or six weeks; but those unfortunate farmers who are forced to sell their grain at that time would take a very severe loss. Have you any suggestions which would help the committee in regard to prices and that kind of thing.

Mr. RICHARDSON: I am hopeful that the market will function all right. Around this level of prices, and I have not any suggestion to make, other than that the machinery should be available to put artificial support temporarily into the market, where you can step in and step out again. That is, the Government, if they want to, can supply a reasonable stimulus to prices which they might think that the speculative element was failing to supply for the time being.

I think that if the normal channels of trade were not burdened with the surplus, trade is heading in the right direction, and with the normal acreage and with the short crop of wheat which we have this year, I do not feel particularly apprehensive. I think we should merchandise next year's crop at better than the present level of prices, subject to what these fellows do down in the United States; and, of course, I do not think they are going to dump their wheat. You gentlemen know much more about that than I do. There is another election coming in the United States, and I do not believe Mr. Hoover can afford to come in and ruin the wheat market. I do not think he can push that too fast.

Mr. BOWMAN: In September an October we meet the Argentine and Australian wheat?

Mr. RICHARDSON: Argentine and Australia are shipping heavily in January and February. Now it is wheat from this continent mostly but of course Russia will be in at the same time that we are.

Hon. Mr. MOTHERWELL: According to all the rules of the game, wheat should be stiffening up if the acreage is disappearing and the overage is disappearing, the wheat price should stiffen up, due to economics and what is called psychology. That is, the world is now a hand to mouth market; buyers are not keen, and psychology really keeps it down lower than it should be. Is that the situation?

Mr. RICHARDSON: There is no speculative interest. Speculative interest has been killed for pretty nearly everything; they have had too much, and the speculative interest has been killed; but with a little improvement interest would revive. That is the speculator looks at the world's figures and he gets a little more confidence and follows straight through. If you get a farmer who has a little stuff on the farm which he can carry, he says, "Oh, I will not sell at these prices." The miller has a little wheat in his bin and he does not worry as he thinks it will be a little better, rather than a little lower. There is a tendency on the part of the miller and everybody to get along at an absolute minimum; but once we turn the corner and the other factors start to assert themselves, it may be different. We do not have a situation in the world that is not affected a great deal by the growing crop of wheat.

Mr. CAMPBELL: I suppose you are aware that there is a tremendous increase in acreage in Russia. How is that going to affect us?

Mr. RICHARDSON: Of course there is the transportation question, and there are a lot of angles to that. I think the five year plan is going to break wide open, but perhaps not.

Mr. CAMPBELL: Would we not be worse off, if it does?

Mr. RICHARDSON: They are having a problem in getting the wheat out of their country. They have a transportation problem. I think they have made a very heroic effort to ship everything they could last year; and I do not believe that Russia will ship more this year than last year.

Mr. DONNELLY: You say that you think it would be better for the farmer to hold wheat on the farm rather than to ship it all to Fort William and get it into the show window? Do you think it would be better to do something to finance the farmer so that he could hold his wheat?

Mr. RICHARDSON: That is the place where he should hold it. If he ships it he has to pay the freight, the elevator charges and insurance. The further he gets it on, the more the interest and the insurance and the storage which goes on top of it.

To carry wheat which is worth forty or forty-five cents a bushel on the farm, the interest does not amount to anything, and he does not pay storage, and anything he gets is to the good; and nobody can find fault with him for he does not have to have money.

Mr. DONNELLY: He has to ship a certain amount of wheat out in order to get money. If he could get an advance on it and hold the wheat on the farm, would it help in anyway?

Mr. RICHARDSON: I think it might. But the banker, I believe, feels that there are difficulties; he would like to have a warehouse receipt for it.

The CHAIRMAN: Gentlemen, this discussion has gone on with a great deal of interest, but we have another witness here.

Hon. Mr. MOTHERWELL: Mr. Chairman, I would like to ask a question. Regarding this evidence which you gave in 1922, was that about May?

Mr. RICHARDSON: April 6th, 1922, and you were there on that occasion, Mr. Motherwell, and asked me a number of questions.

Hon. Mr. MOTHERWELL: You spoke of any attempt to jack up prices having a bad effect. What had you in mind?

Mr. RICHARDSON: At that time I was speaking against the establishment of a Wheat Board.

- Hon. Mr. MOTHERWELL: That is what they had in mind?

Mr. RICHARDSON: Yes.

Hon. Mr. MOTHERWELL: I do not think it had the effect of raising prices, —you do not think that the Wheat Board in 1919 had the effect of artificially boosting prices?

Mr. RICHARDSON: Oh, yes. You had this Government buying and Government selling, and the buyers were bigger fools than the sellers on that occasion. That is the only difference. They just got crazy over in England. They had to buy grain, and some fellow did not know anything about wheat. Some fellow said that if you hadn't regulations it would go very high, and if you had regulations, it would go to \$5. No person who knew wheat had any idea that it would go to any such extremes.

In Great Britain they had the idea that they were going to starve. The brains of the country had retired. They thought that they were going to starve and that they must buy food supplies; and they bought like a lot of drunken sailors. I spoke to a few of them and said that these fellows were absolutely crazy. They bought American wheat at \$3.90 f.o.b. at North Atlantic ports. I said that this was too bad, that if we could only sell them some Manitoba wheat at \$3.90, it would be fine, but our market was closed. I went down to New York and borrowed a lot of money that I needed, and sold a lot of hard red wheat at New York prices.

I said at the time that they were absolutely crazy over there, and so they were. The market influences were all shot to pieces and it was just a case of two fellows negotiating at that time. They could have bought all our wheat at \$2.50, but they thought they were going to buy it cheaper, and at that particular business we outthought them and they started buying ahead; and it was the most foolish buying in the world; they were absolutely crazy. A couple of fellows with handles to their names, who were absolutely no good in competitive business before the war and are absolutely dead now, were the real fellows during the war.

Hon. Mr. MOTHERWELL: Anything of this kind, in England, they look upon as Government interference, don't they?

Mr. RICHARDSON: I think you are better informed than I am Mr. Motherwell.

Hon. Mr. MOTHERWELL: If Government interference in 1919 put the price up, how would Government interference of the same nature now put the price down?

Mr. RICHARDSON: As I say, we were sitting tight over here, and their machinery got excited and started to bid for wheat. It was a question of the two boards, and in that particular deal we won out. I think our wheat was sold exceptionally well.

Hon. Mr. MOTHERWELL: Do you think it could not be done again?

Mr. RICHARDSON: I do not think it could be done twice. But mind you, I would not mind holding the bag and fixing the wheat price. I would like to fix the wheat price if there was not enough wheat in the world to go around; but when there is enough and when there are a dozen other places in the world where wheat could be obtained, it is a different story.

They take their regular requirements all the time. Their importations are just the same every year, year in and year out.

The CHAIRMAN: I think the thanks of the committee should be extended to Mr. Richardson. He has given us some very interesting information.

We have with us this afternoon Mr. Andrew Cairns, of the Wheat Pool. Is it your pleasure that we should hear him for the remaining time until one o'clock? Carried.

Mr. ANDREW CAIRNS called.

Mr. CAIRNS: Mr. Chairman and gentlemen, before commencing, I assume that I will have more time at my disposal than the time between now and one o'clock. In that case I think I would prefer to answer any questions after making a very brief statement.

Like Mr. Richardson, I came on very short notice without any preparation, and I just bundled some stuff together and put it into my two grips, hoping I might use it for reference purposes while I was here.

The CHAIRMAN: I might say that you will have unlimited time.

Mr. CAIRNS: Thank you. Before making my remarks, I would like to express my opinion that this is a very serious problem with which we are confronted. It was part of my duty in connection with the wheat pool to travel very extensively throughout Western Canada. Since returning from Europe some few months ago I have been travelling very largely throughout Western Canada. In Western Canada to-day, in spite of the fact that economic conditions are infinitely worse than they have been since the country was settled, you do not find among the farmers as much bitterness as there was during the depression of 1921. That lack of bitterness I attribute to the fact that it is the opinion on the part of the farmers that a change is coming and a determination on the part of the farmers that they are going to play their part in bringing about those changes.

I wish to state first that I would like to start my remarks by referring to a wire which I received this morning. This is a wire which was sent to me from the office, giving a quotation from yesterday's Grain Trade News, which, as most of you are aware, is the official organ of the grain trade:—

Grain Trade News to-day cites market opinions double quote Uhlmann Grain Company single quote don't know who will absorb continued hedging sales of wheat in face of plentiful supplies and poor export demand single unquote Bartlett Frazier Company single quote until something arises to stimulate buying power values likely to shade further single unquote and Bartlett Frazier closing letter single quote the absence of speculative interest leaves the market in a position where action of the cash and merchandising is principal interest in market stop Until something develops to change this attitude it will be difficult to bring about higher prices single unquote double unquote stop these are typical of stuff appearing every day lately stop Regards.

I read that to show that while I wish to associate myself with the remarks made by Mr. Richardson, that a great deal has been done to correct the weakness in the outlook of the wheat situation, unfortunately that broader outlook is some distance in the future.

There are so many uncertainties that I am afraid we must wait a considerable time before the fundamental changes from the substantial reductions in acreage in the Argentine, Australia and at home and the substantial reduction in wheat acreage of this year, are felt.

We are faced with a situation in which there is complete demoralization the world over in the wheat market. First, there is the complete lack of speculative interest, and we are facing these coming few months with a market without speculative interests. We are faced with an enormous question mark regarding Russia.

It was my pleasure to spend several months in Europe last year, during which time I visited seventeen different countries, and spent several weeks in Russia. Regardless of what our own private information may be of the quantity of wheat that Russia will ship, as soon as Russia starts shipping we will have no end of stories to the effect that she is going to ship one hundred million bushels, or two hundred million bushels. And what is the result? That in the absence of speculation, with our wheat going on the market this autumn, I am sure all of you will agree with me that our farmers are obliged to get the last penny they can on their crop.

Faced with the speculations about Russia, all sorts of bear stories come forward, and you are going to see, in my opinion, a break in prices, which I cannot emphasize too strongly, will be nothing but a catastrophe for Western Canada. I can say frankly that if you see a drop in prices of ten to fifteen cents in Western Canada, we may all shudder as to what the results will be, for it will be a national calamity.

Mr. MULLINS: Ten or fifteen cents from present prices?

Mr. CAIRNS: Yes, supposing ten or fifteen cents from the present prices, and there is an inability to absorb the sales put forward, it would be an absolute catastrophe.

I may also mention something which I think is not confidential information at all but is something that you all know, that the Manitoba Wheat Pool has arranged as a result of economic conditions and the necessity for farmers getting all they can, as they are unable to pool their share wheat, to give the farmers the right to sell on the open market.

Mr. HAY: Is that in all provinces?

Mr. CAIRNS: No, I am speaking of Manitoba now.

Approximately a large share of the wheat has been held off the market. Farmers themselves have been holding the wheat off the market to assist the results of the pool.

The farmers in Saskatchewan are meeting in congress this week, and while I do not like to forecast, I think the possibilities are that they will take somewhat similar steps. The Alberta delegates are meeting next week, and my opinion is that they will take similar measures.

The CHAIRMAN: But the Manitoba Pool is still operating?

Mr. CAIRNS: Yes. It means that somebody must be there to pass on the hedges. The banks, as Mr. Richardson has stated, are insisting that somebody must hedge the grain.

As the result of the last irregularities, in 1929 and 1930, speculation is dead; so who is going to take the risk of moving the farmer's crop until it is marketed?

Passing for the minute to the European picture, I do not want to introduce any controversial matters at all, other than to give my own views regarding the European situation, and I will try and give those in summary fashion. If you want more details, I will be glad to answer your questions later on.

As I said before, I spent some six months in Europe last year, and during that time I visited some seventeen different countries, travelling very extensively. I would like to file with the committee a little bulletin here called "Grain Futures and Speculation", which contains considerable information but the part to which I would like to refer now,—it gives a brief synopsis of the situation which has developed in Europe during the last two or three years.

The CHAIRMAN: By whom?

Mr. CAIRNS: This is prepared by myself and I submitted it during the proceedings of the Stamp Commission. It is merely a summary of what has been taking place in Europe during the last two or three years. I would like to file this with the committee. I have a few extra copies which I may give to interested members; and if further copies are wanted, I would have them sent to you.

The CHAIRMAN: Is this printed in the Stamp report?

Mr. CAIRNS: No, this is information filed with the Stamp commission, but is not in the Stamp report.

I wish to summarize briefly my observations regarding the European situation.

I wish to emphasize my first point, that Europe has shown that she is not interested in cheap wheat. As a result of the political situation in Europe, you have got a combination between the bourgeois and the peasants, in order to fight off their fear of pessimism. As a result of that, in practically every European country, the farmers had had a dominant word in the Government. Europe is determined at all costs to protect her peasant agriculture, and in doing so she has not stopped to raise the price of wheat very high. I will just give you briefly what the recent prices of wheat were in Europe. I am taking this from a letter which I wrote to the *London Times* not long ago, a copy of which I also wish to file with the committee, because it also deals with many of the matters which I think will interest you.

I will just read this paragraph. I may say that this letter was written in reply to a letter from Sir Herbert Robson to the *London Times* in which he gave some observations about conferences at Rome, in which he said that most of our troubles were due to the Canadian Wheat Pool and the United States Government Farm Board, fallacies which I hope to explode in a few moments.

Sir Herbert states in part:—

The present surplus of unsaleable wheat is only approximately ten per cent of the annual requirements. This surplus is very largely accounted for by the stocks held by the Canadian Wheat Pool and the United States Government Farm Board, both of whom have refused, from time to time during the past few years, to market their wheat at the normal price, because the price obtainable was below the cost of production.

And he further states that:—

The threats publicly enunciated by the United States and Canada to hold back wheat for high prices were partly the reasons for countries on the Continent of Europe taking steps to protect themselves from being exploited, by increasing their home production of wheat.

"As a matter of fact, the principal reason for the high duties and milling restrictions enacted in many European countries during the past eighteen months has been to protect European producers from low prices and the principal effect has been very much higher prices paid by consumers. European governments did not exact drastic tariff and milling restrictions until their producers were threatened by, or actually experiencing, low prices resulting from the rapid marketing of the unusually heavy crop of 1929. On the basis of Liverpool quotations at the end of March, 1931, the average Canadian farmer was receiving 37½ cents per bushel for high grade wheat delivered at the country point; the average Australian farmer 29½ Canadian cents for wheat delivered in bags at the country stations; the average Argentina farmer 28½ Canadian cents

for wheat delivered in bags at the country station and, if the costs of bags, transportation from the farm, and threshing be deducted, only 10½ Canadian cents, to cover the cost of growing and harvesting the crop. At the same time the average cost per bushel of domestic wheat (very much inferior in quality to Canadian wheat and materially poorer in quality than Southern Hemisphere wheat) was \$1.87 in Berlin; \$1.94 in Paris; \$1.53 in Milan, and \$1.21 in Prague."

And then I go on to state on that point:—

How can Sir Herbert possibly reconcile these facts with his statement that European countries took steps to protect themselves from exploitation by the Canadian Pool and the United States?

The second observation I wish to make in summary fashion, regarding Europe is that the notion has gone abroad that as a result of antagonism to Canada and our marketing system, European countries were rapidly extending their wheat acreage. The idea regarding Europe is absolutely false. As a matter of fact in Europe the wheat acreage is something like five per cent less than it was pre-war. It has been practically stable since 1925. In 1930, when North America was said to be antagonizing Europe, it was 25 per cent less. There is stable acreage, despite the efforts which have been made in many countries in order to protect their agricultural interests, and in spite of the enormous prices which the producers have been receiving.

Take Italy, and their government has spent many millions of dollars in public funds in agricultural subsidies of one kind and another, vast land reclamation projects, extensive and intensive agricultural experimentation and instruction, and the maintenance of high domestic prices by a duty of 86 cents per bushel; and yet as a matter of fact the production is slightly less than the production prior to and during the time of the war; and their acreage has not been increased to any substantial degree.

In Germany they have had an appreciable increase in acreage, due solely to their previous rye trouble. You know that during the war Germans were obliged to eat black bread of very poor quality. In North Germany and other European countries there was a change from rye to white bread, leaving Germany with a very large stock of rye. As a result of steps taken by the German Government, they spent \$35,000,000 in supporting the rye product; and they have now disposed of the surplus in one shape and another and are now normal and are able to clear up their surplus rye.

The next observation I wish to make in summary fashion in regard to Europe is that the notion that is abroad that we have lost our market in Europe is absolutely false. Up to date this year Europe has imported a little more wheat than she did on the acreage during the past five years, which includes the very heavy imports of 1928 and 1929.

The next observation regarding Europe is that the whole tendency is towards more and more centralization. No matter into which country you go, whether Great Britain, France, Germany or any other country, you have the nationalization of industry carried to the point where you have the milling trade in relatively few hands. As the result of certain changes in Europe, the old custom which was followed by European millers and others of buying certain wheat in advance, which naturally took off part of the pressure when our farmers were delivering their wheat, is gone temporarily at least, and I think for some considerable time. That means that Europe is not buying wheat only on a restricted hand to mouth basis. What else can you expect? Here is Germany, which in the short space of twenty-three months has made thirteen important, drastic changes in her fiscal policy regarding wheat alone, changes in milling restrictions and bread laws, which restrict the market drastically; and you cannot expect millers to buy as usual. On top of that you have a very large number of countries in which wheat and flour are absolutely government monopolies, for in-

stance Norway, Jugo-Slavia, Switzerland and Hungary; you have absolute prohibition of imports in Portugal; you have strict government regulation in Spain; and in many other countries they are adopting plans in order to keep the price of wheat up at home and in order to build up governmental machinery so as to protect the peasants against low prices.

Whether we like it or not, we perhaps realize that the day of free import is gone; and whether we like it or not the trend in Europe is more and more towards nationalization, more and more towards governmental care in business matters, tariffs, boards and other regulations.

In every other country you have governmental measures to support the price of wheat; and recently in Jugo-Slavia you have government monopoly in the import of wheat, rye and flour. And in Russia the government has an absolute monopoly.

Next I wish to give a sort of summary of my observations in Europe, and I do not wish to be charged with introducing any controversial matter, but I do it only because I think it is fair to the farmers of Western Canada that the facts should be known.

During my six months of travelling through seventeen countries in Europe, studying market and crop conditions, visiting government officials, millers and producers' and consumers' organizations, I did not find one iota of opposition except from people who were opposed to our taking some of their business away, and who were against the policy of pools exporting, and did not find any evidence to substantiate the report of antagonism so called in Europe. In August, 1930, I attended the Congress of the International Co-operative Alliance held at Vienna. At that conference twenty-nine countries were represented; several hundred delegates representing fifty million members of consumers' co-operative societies. Every angle of the wheat movement was surveyed; and the Canadian co-operative movement was accepted into membership within the alliance; and out of the twenty-nine countries represented, only one had any serious objection to Canada being received into the alliance and that was Soviet Russia. I think that answers a good many of the suggestions raised that Canada has antagonized Europe.

I believe I cannot over-emphasize the effect of the big question mark which surrounds Russia. I have with me several copies of an address which I gave to the Canadian Club at Regina and the Canadian Club of Saskatoon recently, in which I go into the Russian situation and the situation in Europe in some detail, dealing solely with the agricultural development in Russia and other potentialities. Later on I would be glad to answer questions, if any of you wish to ask them; but I would like to file with the committee a copy of this address which contains the results of observations made by me on my travels of several thousand miles through European Russia.

I want again to reiterate that the outlook, in my opinion, is much brighter than it was. In that connection I would like to read to you a couple of cables which I received yesterday from our correspondents in Australia. This is from Melbourne, received a few days ago:—

Conditions Victoria Wales most unsatisfactory owing excessive rains large areas under water many towns have been completely isolated flood waters stop Some districts not ten per cent sown estimate reduction forty per cent stop South completed sowing reduction ten per cent conditions good stop West twenty per cent reduction conditions backward owing dry cold June stop.

The balance of the cable I do not read.

The other cable is from Perth, West Australia, and is along the same line.

The CHAIRMAN: What are the dates?

Mr. CAIRNS: The one from Melbourne was July 4, and the one from Perth was also July 4, 1931.

It is practically certain that Australia will have a large reduction in the wheat crop this year. The information which we have from our agent, Mr. Jackson, in Buenos Aires was that they were looking for a large crop reduction there now, although there was a good wheat crop in one of the provinces in Argentina. We have an average prospect in some European countries; a little better than average in some, and a little less in others; then we have a considerable reduction in the United States; but these are all matters which must give their reduction several months in the future. But we must face them fairly, that in the absence of speculation, with confidence the world over completely demoralized, we have to market our crop in Western Canada, and someone has to take up the risk of marketing that crop.

I have read to you the market information from the Grain Trade News. Now I wish to refer to a speech made by the Prime Minister, taken from Hansard of April 28th, on page 1168, from which I shall just read briefly:—

Mr. YOUNG: Would wheat have dropped 40 cents if you had not taken the action you did?

Mr. BENNETT: I cannot say. I can only say that that is the judgment of those well able to express an opinion on the subject.

Mr. YOUNG: That is 40 cents more than it actually did drop.

Mr. BENNETT: No, it would have dropped to 40 cents a bushel.

Mr. VALLANCE: It went to 41 cents to the grower at the shipping point.

Mr. BENNETT: I am not talking of that, I am talking of the market price. Let us go one step further. We did that. The pool controlled over 40 per cent of the wheat of this country, and the support given to the pool wheat protected and supported the non-pool wheat. That was well known to everybody. At a given day on the Winnipeg exchange it is a fact, known to those who take the trouble to investigate, that but for the action taken by the government the bottom would have entirely dropped out of the market.

Now 50 cents wheat is no new thing in Canada. Have any hon. gentlemen read the life of Sir William Van Horne? Do you recall the days of 50-cent wheat as reported by his biographers?

Now, if that means anything at all, it means that that is the result of the action taken by the Dominion Government, and I am heartily in accord with the statement made by Premier Bennett there, and I am sure that those familiar with Western Canadian conditions know that if that wheat had been put on the market it would have resulted in a drastic decline.

It indicates, I think, very clearly that the power of the market to absorb shall I call it the excess offerings of the farmer over what the consumer is willing to take is very limited indeed and needs some support in order to do that.

I think that is precisely the situation, to a much greater degree, which we are facing this autumn, a situation which calls for some action of some type or other whereby a purchasing power will be available to carry that risk until the Russian question mark is reduced to a smaller proportion, and until we come into a period where we will be receiving favourable reactions to the fundamental situation of which I have spoken.

That I am quite certain is the view of the three provincial governments in Western Canada, and it is the view of 100 per cent of the cooperative members; and I venture to say that if all the wheat is thrown on the market this fall and people are obliged to buy hedges for it, there will be a terrific howl from not only the pool members but from non-pool members as well, if they are faced with half a crop and half a price as well. It will be very unfortunate if some provi-

sion is not made. It is absolutely imperative that it be done, because we are faced with a situation which is absolutely calamitous in the dropping of the price from 60 to 50 or to 45 cents, which would result from the throwing of all the wheat on the market without the conditions provided to absorb it, would put Western Canada into a condition at thought of which we might all shudder.

Hon. Mr. WEIR: What would you suggest, Mr. Cairns, on that?

Mr. CAIRNS: I think I would agree with Mr. Richardson that 250,000,000 bushels would not be an optimistic report, from our forecasts as at the end of June. I would say that a reasonable interpretation of those reports, as Mr. Richardson pointed out, assuming average weather conditions from now on, would be about 225,000,000; adding to that about 20,000,000 for Eastern Canada, would make about 245,000,000, with the proviso that it leans, I think, to the optimistic rather than to the pessimistic side.

Hon. Mr. WEIR: What was the crop last year?

Mr. CAIRNS: It was 345,000,000. Our own estimate was 342,000,000. And I can safely say, from the outturn of the crop, that last year it was somewhere in the neighbourhood of 355,000,000.

I think I have given in a general way my point of view, and I have only tried to open up the discussion along the lines which, from our point of view and the point of view of the West, I think are the principal issues to-day.

I shall be glad to answer questions.

The CHAIRMAN: We have had a long discussion and I think it would be wise not to open the discussion at the present time.

Mr. CAIRNS: Mr. Chairman, I might add that in this bulletin I have included all the transportation costs, external and internal, of the Argentine, if any of you are interested.

Mr. COOTE: I do not think we need to keep Mr. Richardson here.

Mr. DARBY: Anything we might say would be very much along the same lines of Mr. Richardson's remarks.

Mr. CAMPBELL: I do not think there is any necessity to keep these men any longer.

Hon. Mr. WEIR: We want to get every possible viewpoint, and if it is possible for these gentlemen to be here to-morrow, I think it would be well.

Mr. DARBY: We are in the hands of the committee, and wish to assist in every way.

(A discussion followed).

The committee adjourned until 10 o'clock to-morrow morning, Friday, July 10th, 1931.

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Government
Publications

SESSION 1931
HOUSE OF COMMONS

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

1931

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

FRIDAY, JULY 10, 1931



Order of Reference—Re Handling and Marketing Agricultural Products

WITNESSES:

Andrew Cairns, Representative of Canadian Wheat Pools.

Sydney T. Smith, Representative of Winnipeg Grain Exchange.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1931

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

FRIDAY, July 10, 1931.

The meeting came to order at 10 o'clock a.m., Mr. Senn in the chair.

Members present: Messrs. Blair, Bowman, Bowen, Boyes, Brown, Campbell, Carmichael, Coote, Donnelly, Garland, Hay, Loucks, McGillis, McMillan, Motherwell, Mullins, Perley, Rowe, Senn, Shaver, Spotton, Sproule, Tummon, Vallance, Weir (Melfort), Weir (Macdonald).

Mr. Andrew Cairns, the witness before the committee at the adjournment of the previous meeting, was recalled and examined.

Mr. Sidney T. Smith, a representative of the Winnipeg Grain Exchange, was called, examined and discharged.

Mr. Cairns was recalled, examined and discharged.

The committee adjourned at the call of the chair.

A. A. FRASER,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

FRIDAY, July 10, 1931.

The Select Standing Committee on Agriculture and Colonization met at 10 o'clock a.m., Friday, July 10th, 1931, Mr. Senn in the Chair.

The CHAIRMAN: Now, gentlemen, I think we have a quorum, if you will come to order. So far as I know there is no business to come before the committee of a routine nature, and we were hearing Mr. Cairns yesterday. Is it the pleasure the committee that Mr. Cairns should continue his evidence.

Mr. ANDREW CAIRNS resumed.

Mr. CAIRNS: Mr. Chairman and gentlemen, in my introductory remarks yesterday I indicated that I preferred to give what information I can in the way of answering questions rather than attempting to make a speech; so with your permission I would like to answer any questions you may wish to put to me; and if some major point which may be brought out is not covered in the question, I would like the privilege of briefly summarizing those points, after the question period is over.

Mr. DONNELLY: Mr. Cairns, can you tell us the amount of wheat that we had as a hold-over at the 1st of August, 1930, and how much of it was pool wheat and how much of it was trade wheat?

Mr. CAIRNS: Yes, I have those figures here. If you want to take the period at July 31st, or the 1st of August, 1930, the unsold pool stock amounted to some 67,000,000 bushels; and the official estimate of the Canadian carryover was 130,000,000 bushels; or the wheat pool's proportion of the carryover was 48.6 per cent; and the amount of the Western crop handled by the Wheat Pool in that year was 51.3 per cent.

If you would like those figures on the basis of five years, starting with the 1925 crop year to the 1930 crop year, the wheat pool handled on the average in those five years 51.4 per cent of the total wheat marketed in Western Canada; and its proportion of the total carryover in Western Canada at the end of those crop years was 43.2 per cent. That is merely taking the pool receipts against the official carryover.

Bearing on that point, there is something on which there is a great deal of misapprehension. Here is a document called "Wheat Studies" published by the Food Research Institute of Stamford. I think the people who are here representing the grain trade will agree with me that the Food Research Institute is the most impartial body and the best authority on wheat matters. As a matter of fact, Dr. Alonzo Taylor, one of the directors of that institute, was one of the principal witnesses for the grain trade before the Stamp Commission. This is the Food Research Institute's Annual Review of the 1929-1930 crop year, and in this document, on pages 140 to 144 you will find the Food Research Institute's analysis of the Canadian Wheat Pool since it started; that is they discuss the alleged holding policy of the pool; and with your permission I would like to read you one or two brief extracts from this Food Research Institute's document.

Mr. BOWMAN: It is this year that we are interested in. We are not here to either act for or against the pool. It is the carryover of this year that we are interested in.

Mr. CAIRNS: That is an unknown quantity as yet. This is the carryover from the last year's crop. We do not know what the year's carryover will be.

Mr. BOWMAN: I think Mr. Donnelly asked what the carryover was for August 31st—that was this year.

Mr. CAIRNS: No, 1930.

The first sentence I wish to read is as follows:—

The notion that the Canadian support of prices rested almost entirely on a holding policy of the Canadian pool is largely, if not entirely, erroneous.

Going on, two brief sentences:—

In 1927 and 1928, year-end stocks held by the pool were only about one-third of total Canadian stocks, which is perhaps less than might be expected in view of the fact that the pool handled in each year about half of the wheat moved into commercial channels.

Continuing:—

It is clear that for the year 1929-1930 as a whole the pool cannot be alleged to have taken less than its share of the Canadian sales of wheat.

The CHAIRMAN: How much of the wheat that is carried by the trade or is estimated as being carried by the trade is held in millers' bins, have you any idea?

Mr. CAIRNS: I do not know the exact figures, but it is a small proportion of it.

Mr. DONNELLY: The notion that wheat when it is hedged is sold is a fallacy, is it not? It is not sold but it is only protected to the amount of the hedge, that is to say five or ten cents a bushel or whatever amount a man puts up. In other words if he sells wheat at \$1.40, he puts up 10 cents a bushel; but if the wheat goes into storage and it is hedged, it is not sold at all?

Mr. CAIRNS: I would say that it is sold only in the sense that the risk of ownership is transferred to someone else, and the man who buys that hedge puts up a margin with the clearing house; and if the price goes down he will have to increase his margin on it. Or taking as a concrete illustration the crop of 1929 and 1930, it was commonly alleged that because prices were high we should have marketed our wheat. We could have marketed our wheat only in the sense of giving it to Harry and Tom in Canada, because the Canadian wheat market was greatly out of line with Liverpool; so that all that could have been done would have been for the pool to have transferred the risk to someone else in Canada. Marketing wheat by selling a hedge on it is not marketing in the true sense of the word.

Mr. VALLANCE: Do you remember when the Hon. J. H. Thomas was here in Canada there was a rumour that was quite prevalent at that time that Jim Thomas made an offer to the pools to buy a certain quantity of wheat. Now, as an official of the pool, are you in a position to state whether any such offer was made to the pool or not?

Mr. CAIRNS: I think that is a question that we have answered scores of times in Western Canada, and one that we thought was satisfactorily cleared up; but it is always bobbing its head up. In the first place, I think all of you realize that Mr. Thomas, as a Minister of the British Government, had no authority to make an offer to buy wheat for the British Government, and the British Government had no machinery to handle wheat. I will read you a very brief account of it, contained in our last annual report. I might say that the whole thing started when Premier Ramsay MacDonald visited Canada; he was very much interested in the co-operative movement and he had lunch in Winnipeg with us. Then Mr. Thomas came to see us. I shall read, to briefly cover that point, from pages 16 and 17 of our 1930 report—

At the request of the British Government, conferences were arranged with the Right Hon. J. H. Thomas, Lord Privy Seal in the British Cabinet, and representatives of the Wheat Pools on September 2nd and 3rd, 1929, at Winnipeg.

Discussions took place on the possibilities of facilitating the interchange of commodities between Canada and the United Kingdom, having regard in particular to the desirability of ensuring an even flow of outward and return cargoes between Canada and the United Kingdom.

At the first conference with Wheat Pool officials, it was evident that Mr. Thomas was under the impression that the Canadian Wheat Pools had been refusing to sell wheat at prevailing prices. The situation was fully explained to him and Mr. Thomas expressed himself as quite satisfied that the Canadian Wheat Pools were anxious to dispose of their wheat, and were freely offering it to consumers at prevailing prices. When quoted some months later as criticizing the policy of the Pools, Mr. Thomas authorized the British High Commissioner to send the following cable:—

"My attention has been drawn to comment in Canada upon a statement made by me in the House of Commons on the first of April. The suggestion that the statement was based upon any feeling that the Pool had been attempting to hold up wheat is wholly baseless. My statement was made in reply to an opposition supplementary question and was based on assurances given me, by you, at Winnipeg in September, that the Pool had been anxious to sell at prices substantially lower than those prevailing. I fully accepted these assurances, and welcomed that as evidence of a friendly attitude towards my plans for encouraging more regular interchange of goods between Canada and Great Britain. I trust you will give full publicity to this explanation. As you know, I fully appreciate the difficulties with which the Pool has been confronted, and I earnestly hope the situation may soon rectify itself to the advantage of both countries."

Mr. HAY: Where do you get that?

Mr. CAIRNS: That was at the end of Mr. Thomas' cable.

Mr. PERLEY: When a man puts out a hedge, is the wheat sold?

Mr. CAIRNS: No, the risk is transferred to somebody else in Canada; it is not moved into consumption.

Mr. PERLEY: What is the function of the clearing house?

Mr. CAIRNS: The function of the clearing house is to facilitate trade in grain. If you have a million bushels of grain and hedge it, that does not mean that the person who buys that hedge is going to move the wheat out of Canada and market it.

Mr. DONNELLY: As a matter of fact, the majority of the wheat that was hedged on the Winnipeg Grain Exchange in 1930, the hedges were sold to farmers in Western Canada. I know there were thousands of people bought ten, fifteen, twenty or thirty thousand bushels of wheat up to \$1.65. When they went through their hedge that wheat came back onto the market in Canada.

Mr. CAIRNS: Thousands and thousands of them were sold out because they could not augment the margin.

Mr. DONNELLY: Mr. Richardson or whoever sold the hedges did not rid himself of that wheat, but he did rid himself of the risk.

Mr. SPROULE: What would have happened if the people had taken it up on their hedges?

Mr. CAIRNS: It would have been back on the market in Canada. But the number of those who took it up under the hedges was small.

Mr. BOWMAN: It was brought up before the Stamp Commission that hedging might be done fifteen or twenty times and it would be perfectly legitimate?

Mr. CAIRNS: Yes.

Mr. HAY: The report which you have been reading from just now shows that you are trying to dispose of the wheat in what year?

Mr. CAIRNS: 1930.

Mr. HAY: That was the 1929 crops?

Mr. CAIRNS: Yes.

Mr. HAY: Was it not a fact that in 1930 the pool officials were advising people to hold their grain for a higher price.

Mr. CAIRNS: No, it certainly is not the fact. I deny that most emphatically.

Mr. HAY: But they did it over the radio.

Mr. CAIRNS: No, I know that they did not. That rumour was spread about, but it was not true. I am quite willing to go with the other points and would be very happy to do so, but I would like to clear up the Thomas matter in a few minutes.

The CHAIRMAN: While this is very interesting, I doubt whether it is within the scope of the reference.

Mr. VALLANCE: I object to that. Whether we believe it or not, the pool is on trial to-day on account of propaganda which has been used legitimately or illegitimately. It is on trial and we are here to-day according to the reference to deal with the marketing problem. So far we have only two methods of marketing wheat. Yesterday we listened to Mr. Richardson and gave him a very attentive hearing, and he was willing to answer any questions put to him. I would move that Mr. Cairns be given the same leeway as Mr. Richardson. I have questions to put to Mr. Cairns and I shall put them unless I am ruled out. I am not ruling against the question.

Mr. CAIRNS: I do not want to unduly prolong the session because I am anxious to get home.

On the Thomas matter, subsequently to that some of our people went over to the old country and Mr. Thomas was trying to arrange a reciprocal arrangement whereby they would take our wheat and we would take British coal for our railroads. That fell down because the coal people here objected to British coal being imported and that ended the matter.

Mr. BOWMAN: I think we are all here with one purpose only, and that is to see if we can help the western farmer market his crop this year. I do not think the pool are on trial here.

Mr. VALLANCE: We put them on trial.

Mr. BOWMAN: Certainly that is not my idea, and I do not so understand it. We certainly want Mr. Cairns to give any evidence that he wants to give on behalf of the pool, but are we going to go back and read you the past history of the pools and enter into an argument here as to whether they are right or wrong? Personally, I think not. I do not think it is for this committee to say whether the past actions of the pools have been right or wrong; and no matter what Mr. Cairns might say it would not alter the matter at all.

My understanding of the matter was that we were to do our best to see what would be the best thing to be done for this year, that is, what would help the farmer to market his this year's crop. If I am wrong, I would be very glad if the chairman would advise me; but so far as I am concerned I do not intend to take any action in connection with the pool, to advise them or to criticize them for anything that has taken place in the past. That is all over. We might as well know what the object of these meetings is.

Mr. VALLANCE: Before you give your ruling on this, Mr. Chairman, as to what the reference to the committee is, I would point out that Mr. Richardson yesterday very definitely stated that because of seventy years' operations of the James Richardson and Sons they were in the position to carry on the same business just as efficiently, both to the producer and to the consumer and to create a market for the producer's wheat. Now he was going on the history of the company and the service it had rendered to the farmer, and he was basing his whole argument on that. Surely you are not going to refuse this pool, which has only five or six years' experience, the opportunity of making a full statement on this subject and preventing us finding out about it.

Hon. Mr. MOTHERWELL: Mr. Richardson has had seventy years' leeway to work on, and this gentleman has only had some five or six.

Mr. BOWMAN: I have not the slightest objection, so far as I am concerned.

Hon. Mr. MOTHERWELL: There were three here representing the grain trade, and only one representing the pool.

Hon. Mr. WEIR: I think we from the West are particularly interested in this question, and I believe that the thing that is worrying us more than anything else is this particular point, a fear lest this fall there may be an abnormal drop, almost to a break in the price during a period of two or three months; and I think everyone here is anxious to hear every point that may be brought up.

Mr. VALLANCE: Now, Mr. Cairns, there is another point. There was another rumour which went abroad, that your organization, which was created solely as a wheat sales agency, bought extensively on the Winnipeg market to steady the market. Have you anything to state about that?

Mr. CAIRNS: I can answer that very briefly. In the five years, including this year, the Canadian pools have sold considerably over a million bushels a year of wheat, and purchased on the Winnipeg Grain Exchange less than 20,000,000 bushels of wheat in order to stabilize the market. The reason for making the purchases was that our whole credit with the banks depended upon the value of our stocks, and we took that action solely in order to protect the value of our remaining stocks, in order to maintain our credit with the banks intact.

Mr. MULLINS: That is you bought about 20,000,000 bushels?

Mr. CAIRNS: No, it was less than that; I think it was about sixteen or seventeen millions.

Mr. MULLINS: When did you buy?

Mr. CAIRNS: We bought once last year just before the Provincial Government's arrangement for protecting the loans; it was with the idea of protecting our financial position, for if we had let the market go down one or two cents a bushel we would have been called upon by the banks to make good, and we would have had all the trouble of flooding the market with wheat pool wheat.

Hon. Mr. MOTHERWELL: Therefore you considered it advisable to do that?

Mr. CAIRNS: Yes, and we did it on six or seven occasions spread over the four years; and in addition to handling considerably in excess of a hundred million bushels of wheat.

Mr. MULLINS: Has the Western farmer been paid for all his 1928 crop yet?

Mr. CAIRNS: Practically all. There is still a small surplus left over in the pool from the 1928 crop, which may or may not be distributed; it is a small amount.

Mr. BROWN: How many payments were made on the 1928 crop?

Mr. CAIRNS: Three.

Mr. BROWN: I thought it was only two.

Mr. CAIRNS: I believe you are right, Mr. Brown. On the 1929 crop we made an initial payment of \$1 a bushel, and at the time the initial payment was set, the market was then in the vicinity of \$1.60. The payment at the time was considered ultra-conservative. As a result of what Sir Josiah Stamp termed the world-wide cataclysm, wheat dropped; and as a matter of fact the farmers were paid by the pool some \$25,000,000 more than the pool received for the wheat.

Mr. GARLAND: It is charged by many in this country, and very plausibly, that Canada through some neglect or oversight, or ignorance of the business, especially our wheat pools, allowed the Argentine to secure the European market,—that is probably one of the most serious charges made against the pool, and that we could have sold all our crop at around \$1.60 or \$1.62.

Mr. CAIRNS: Of course there is a temptation to me to say that that is not so, but I would rather give you the exact picture, and I would quote you briefly the answer to those questions, which I happen to have here with me. May I read from this document which is merely a statement of the various points raised in Canada? It is at pages 22 and 23 in this document, which is called "A Defence of Canada's Wheat Pool." I am willing to accept the responsibility for the accuracy of the information which it contains. I will enumerate these points dealing with that question asked by Mr. Garland:—

1. Despite the pool's anxiety to sell and willingness to accept heavy discounts under the prevailing high, largely speculative, Winnipeg prices, exports of Canadian wheat were very small owing to a number of factors over which the pool had no control.
2. The world produced far more wheat in 1928-29 than she consumed. The 1928-29 world crop, exclusive of Russia and China, was 3,945 million bushels, an increase of 464 million bushels.
3. Europe produced in the summer of 1929 for the second year in succession a wheat crop far above average; in 1929 (Food Research Institute figures) 1,461 million bushels and in 1928 1,405 million bushels, compared to the 1923-1927 average of 1,238 million bushels.

In other words, the world production 1928-29 was 464 million bushels above the previous five years' average, during a gradual upward trend in acreage and production in the principal exporting countries, and in between they had a gradual accumulation of surpluses.

4. European wheat stocks at the beginning of the 1929-30 crop year were of record size due to:
 - (a) Two successive crops far above average in both quantity and quality;
 - (b) Exceptionally heavy imports in the latter part of the 1928-29 crop year, partly due to the low prices relative to previous years which prevailed, but largely owing to the widespread opinion, in fact, conviction, that as a result of the unprecedented cold winter of 1928-29 Europe would have a short crop, and also to anticipated sharp increases in tariffs.
5. The more important countries of continental Europe did not want and would not take imported wheat in any quantity at any price as they were busily engaged in raising tariffs, enacting drastic milling regulations, and heavily subsidizing exports of wheat well above the Liverpool level and thus protect their producers. Mr. Broomhall gives direct shipments of wheat to the Continent during August-November, 1929, at only 71,000,000 bushels compared to 148,000,000 bushels during the corresponding period in the previous year.

6. The Argentine had a freak wheat crop in 1928 of 350 million bushels or 120 million bushels above her average crop during 1923-27. Moreover she held at the beginning of the 1929-30 Canadian crop year 128 million bushels available for export compared to 61 million, the average during 1923-27. In addition, no one had any idea how large the Argentine crop was.

And everybody was low in his estimate.

7. The Argentine exceeded all previous records for putting wheat afloat unsold.
8. As the tens of millions of bushels of unsold Argentine wheat neared Europe the more important Continental countries said with a united voice, "We have had an abnormally large crop of unusual quality wheat, a very early harvest and, due to early heavy deliveries, coupled with burdensome stocks of native and imported 1928 wheat, our prices are falling rapidly and our producers suffering; therefore we are going to keep 'distressed' wheat away from our shores." Britain did not follow this attitude and as a result vast quantities of "bargain" wheat continued to pour into that country, glutting the storage and, of course, greatly reducing prices.
9. During the first four months of the 1929-30 crop year Argentine wheat sold in Liverpool for 27 cents per bushel; less than No. 2 Northern Manitobas or 25 cents per bushel below its normal parity.

Continental Europe was closed to wheat, and the United Kingdom ports were absolutely clogged in the fall of 1929; more clogged than they had ever been in the history of the country before; so what was the sense of Canada forcing her wheat on that market, which was already clogged and the Argentine wheat was still unsold.

Hon. Mr. MOTHERWELL: Was the Argentine currency deflated at that time?

Mr. CAIRNS: I do not think so, at that time.

Mr. DONNELLY: Were you offering wheat for sale at that time?

Mr. CAIRNS: Yes. We have referred to the matter several times, that we have offered it on many occasions below the Winnipeg market as far as 13 cents, and were unable to sell. Our direct exports constituted over 50 per cent of the imports of wheat by Great Britain.

Mr. LUCAS: During that year have you the total amount of wheat exported?

Mr. CAIRNS: Do you mean from Canada?

Mr. LUCAS: Yes.

Mr. CAIRNS: Oh, yes.

Mr. BROWN: I do not think we should ask Mr. Cairns to give us figures which have to be hunted up in statistics.

Mr. LUCAS: There has been a claim made that the pool held the wheat back from the market, when they might have sold at these higher prices. Now, if we had the total shipped or exported and the amount that the pool exported, it would give us the figures to show whether the pool had been responsible or whether the grain trade also had held back wheat off the market.

Mr. CAIRNS: I have not got those figures at my hand, but I can get them.

Mr. McMILLAN: You can get them for the record?

Mr. CAIRNS: Yes.

Mr. MULLINS: You always had a disposition to sell when there were buyers?

Mr. CAIRNS: Oh, yes, absolutely. I can state that.

Mr. MULLINS: You were not trying to hold the Britishers up for the price?

Mr. CAIRNS: No, certainly not.

Hon. Mr. MOTHERWELL: But your share of the market was taken by the Argentine wheat, and would it not only have precipitated the difficulty if you had put your wheat on the British market also?

Mr. CAIRNS: Yes.

Mr. PERLEY: I have the records for 1929-30, and the total export was 186 million bushels.

Mr. CAIRNS: Dr. Davis, speaking to the Economical and Statistical Society, in January of this year, was speaking on that problem and said:—

In the fall of 1929 huge supplies of Argentine wheat broke the European market. This wheat piled up unsold in European ports, and was eventually disposed of at extreme discounts under other wheats. This year Russian wheat has done the same.

Mr. HAY: As a matter of fact the Argentine has sold their crop.

Mr. CAIRNS: They had theirs afloat before we had ours afloat, and it had to be sold.

Mr. DONNELLY: Was it not a fact that the Argentine got there first, and it had to be sold, and they were willing to take almost anything for it.

Mr. CAIRNS: Oh, yes, it was called distress wheat. A large part of it was sold before it was shipped. As it happened later on the prices which they actually received were higher than what we ultimately got; but that is beside the point.

Mr. MULLINS: The Argentine received more than we got?

Mr. CAIRNS: Yes, that is true, and we have to face the actualities.

Mr. HAY: That the Argentine wheat was on the market and afloat before ours.

Mr. CAIRNS: It was the previous year's crop; then the United Kingdom ports were absolutely clogged and glutted, and there was no sense in Canada shipping wheat over there.

Mr. HAY: You had a surplus in 1928 and 1929. Why did you not sell it at that time? You had the wheat to sell and you permitted the Argentine to sell hers instead of you selling ours.

Mr. CAIRNS: As I said, the Argentine crop was afloat—

Mr. HAY: You had a large carryover from 1928?

Mr. CAIRNS: We had a carryover in 1928, we had a large carryover; the frozen wheat was being shipped to the Orient, and the low grades increased very much that year.

Mr. DONNELLY: As a matter of fact it was almost impossible to sell our low grade wheat?

Mr. CAIRNS: Yes, it had to be marketed in the Orient. At that period the Canadian Pool had sold futures in very considerable volume; in July and August of 1929 we had sold futures to the full extent of the contract grades of wheat which we had on hand to deliver against those futures.

Mr. DONNELLY: That is the 1928 crop?

Mr. CAIRNS: Yes.

Mr. GARLAND: I think the vital point before the committee is as to whether or not Mr. Cairns and other authorities on the subject think there is any danger that when the crop is thrown on the market this fall there may be a serious break in prices. I would like to ask Mr. Cairns to amplify his statement of yesterday in that regard.

Mr. HAY: That is the point which I made a while ago. I thought we had got away from the subject.

Mr. CAIRNS: I am free to admit that I am very apprehensive, and I know that the three Provincial Governments and the farmers as well feel the same way. I quoted the opinions of other people; and last night, in the *Ottawa Journal* the same thing appears, in a despatch from Winnipeg:—

Meagre export demand, liberal offerings from Chicago sellers and weakness at Liverpool all combined to depress wheat values here to-day.

Hon. Mr. MOTHERWELL: And Mr. Brownlee has expressed himself in that regard several times?

Mr. CAIRNS: Yes, and most emphatically.

Mr. MULLINS: Will you give us what the salaries are for the first fifteen men in the Wheat Pool?

Mr. CAIRNS: Any member of the Wheat Pool can get that information. I have no objection to telling you at all, but all the members of the Pool can get that information.

The CHAIRMAN: This is getting beyond our reference.

Mr. CAIRNS: Mr. Richardson spoke yesterday about the grain trade being very efficient, and I agree that it is one of the most efficient organizations in existence; but as far as overhead costs are concerned, I do not wish to quote figures.

Mr. MULLINS: Yesterday he said that they worked on five-eighths of a cent margin.

Mr. DONNELLY: Four-fifths.

Mr. MULLINS: That is why I wanted to see whether it was costing the farmer more than that.

Mr. CAIRNS: Mr. Richardson was referring to the export trade, and he was not referring to their actual costs and the commission for selling; but the five-eighths or four-fifths of a cent was what Mr. Richardson considered a very good profit on export business, which is perfectly true.

The CHAIRMAN: You have not answered about the situation this fall.

Mr. CAIRNS: Going on further with Mr. Garland's question, Mr. Richardson said yesterday that he was against the Wheat Board because he thought it would be represented in Europe. Later on he said that he did not think anybody had any kick coming when charged 60 cents for wheat. Although Mr. Richardson is not here, I might say I thought those statements were somewhat inconsistent.

It was stated that the dealers always lost money. The purport of the argument was that buying speculators always lost money. Those statements when made before the Stamp Commission were circulated widely throughout the country. If there were any bulls left in the country they must be killed now, because ninety-nine per cent of the statements before the Stamp Commission was that speculators lost their money on the market, everybody is scared stiff, and they do not know what Russia is going to do or what the outcome of reparations or the settlement in Europe is going to be, and they are alarmed at world-wide unemployment, and that those who have money have salted it away.

Europe absolutely refuses to buy except from hand to mouth. The principal countries cannot afford to do anything else for the simple reason that so many things are taking place. Just last week both Czecho-Slovakia and Jugoslavia put their control plans into force, and many other countries are making plans to that end, so that the milling business is only a from day to day thing. Consequently Canadian farmers are absolutely up against it for money and they need every last cent they can get. They are going to be anxious to deliver their wheat and get their money as quickly as possible; and as sure as night follows day they are going to deliver it more quickly than other countries will take it.

We are hoping that we can get speculators to come in and take up the slack, but speculators are scared stiff.

Mr. PERLEY: You said, in the absence of the speculator, you thought or you were afraid that there would be a break in the market. How do you know that there is an absence of speculators?

Mr. CAIRNS: If you sell any quantity of wheat on the market, you break the price. The other day we sold on the market about six million bushels of wheat; we wanted to indicate to the brokers that we were doing as much as possible. We put two hundred million bushels on the market through brokers and the market will crash three or four cents a bushel. That is an exaggerated case, but on another scale it happened this year and it happened last year. Every man operating the wheat pool knows that to be a fact. I have talked to our salesmen, and their opinion is that speculation is dead. Mr. Richardson said it was dead.

Mr. PERLEY: Will you not agree that a sale of wheat under conditions such as that last fall, of which you speak was a forced liquidation? The banks forced you to liquidate and you liquidated. The world knew that you were forced to sell, and that was a forced liquidation. They know that there is practically two hundred million bushels of wheat ready to go on the market in an orderly way, which could be absorbed through the trade and by hedging.

Mr. CAIRNS: It was not forced at all, but it was to show that we could not sell two hundred million bushels of wheat without a crash.

To say that it is going to come on the market this year in an orderly manner is against the experience of previous years. In previous years fifty per cent of the crop has been held off the market by the pool, and the speculators have been taking up the non-pool wheat.

Mr. GARLAND: You have referred to speculation by the farmers.

Mr. CAIRNS: Yes. I would like to give you some figures and some facts regarding economic conditions in Western Canada, and I will just cite two paragraphs. In 1930-31, the average return per acre to the wheat grower in Western Canada was \$5.83; and will you let me read you the figures for previous years? For 1929-30, \$9.82; for 1928-29, \$16.94; for 1927-28, \$18.60; for 1926-27, \$16.15; for 1925-26, \$20.71; and for 1924-25, \$13.74. Combine that with the fact that the index number of grains of all kinds, the official index number in Canada, in January, 1930, using 1926 as a base, was 90.8; and for fully and chiefly manufactured, 91.9; for retail prices, 102.2.

In April of this year, the official index price for grains had fallen to 41.6; for fully or chiefly manufactured commodities, 77.2; and retail prices, 91.8.

Combine the short crop and low prices, and the disparity in the different prices, how many farmers in Western Canada to-day are not forced to sell their wheat?

Mr. GARLAND: I would like to ask Mr. Cairns how in his opinion he thinks the problem immediately facing us could be met.

Mr. CAIRNS: I would like to cover it under three headings, and I will name them. In my personal opinion and in the opinion also of the people at the head of the Provincial Governments, the possible alternatives would be about as follows:—

1. A National Wheat Board;
2. An Interprovincial Wheat Board;
3. Some arrangement with the pools.

The CHAIRMAN: Are those alternatives?

Mr. CAIRNS: Yes.

The CHAIRMAN: Why do you suggest first a Grain Board, in preference to the Wheat Pool? Are you conscious of the fact that the Wheat Pool has not done its duty by the farmers or was unable to do what it should?

Mr. CAIRNS: No, I am not conscious of any such thing. I know that the Dominion Government used the pool to help all the farmers, and you remember hearing Premier Bennett's statement in regard to that fact. I read a statement yesterday in which Premier Bennett said that all well informed people know as a fact that had it not been for the fact of the Dominion Government using the pools' machinery to do what Mr. Richardson said yesterday would be proper, the bottom would have entirely dropped out of the market.

Mr. HAY: If you are doing business on a business basis for the farmers, why do you want to come to the Government?

Mr. CAIRNS: If the government does not think it is for the benefit of the country, why should the Government use the pool? When the Provincial Governments guaranteed the banks for the pool, they all stated frankly that it was a case of assisting the whole economic structure of Western Canada. When the Dominion Government acted, it was the same thing that was involved. The pool had the machinery which enabled them to put it into effect quickly.

Mr. GARLAND: May I ask that the witness be allowed to answer the question which I asked him, and then let the other questions be asked?

Mr. CAIRNS: Speaking first of the Wheat Board, I would say that the most important thing of all is to get as much money as possible into circulation in Western Canada as quickly as possible. I think that a Wheat Board with the credit of the country behind it would give the necessary element of security and stability, and enable them to make an initial payment, which, in my opinion, would be just as great, if not of greater value, than it would be if it went on the open market, and later on they would get whatever the difference was. However, Mr. Bennett has made it quite apparent that there are legal difficulties in the way, and the National Wheat Board may probably not be feasible on account of constitutional difficulties. If an Interprovincial wheat Board can be set up with Federal assistance, such as was planned before the wheat pools came into operation—you remember, following the agitation for the renewal of the Wheat Board in 1920, the government said that the previous wheat board had been set up under the War Times Measures Act—in peace time it would not have the constitutional authority to set up a wheat board—and the provinces were given the task of formulating a wheat board, and later on they announced that they could not get the necessary personnel to undertake it—now, I will say that that will be my next alternative. It is unnecessary to add that the credit condition of the provinces would absolutely preclude them from financing any scheme, and associated with them would be Dominion credit. Now, if that scheme is found to be unworkable, I think the next best thing is some similar arrangement to that which the Dominion Government made last year with this important proviso, that the wheat pools allow the alternative of pooling grain or selling it outright on the open market, but give the farmers the alternative, because many of them are so hard up, and prices are so low, that they want every cent they can get. On the other hand, there are a tremendous number of people who feel very strongly that if they could get over that period of three months which Mr. Weir has referred to, that the probabilities are that there will be a gradual and sure improvement throughout the world. I would not be afraid to hazard the opinion, in fact to forecast, that this would prove a very good thing for those farmers who have the pool, because after they get over the first three months of uncertainty they should be on the uproad to recovery. That proportion of the wheat pooled could be handled just as it was this year with a guaranteed initial payment of 50 or 55 cents.

Mr. HAY: You mean appointing the Grain Board and making an initial payment. Do you figure the pools would handle much of the crop?

Mr. CAIRNS: If the National Government appointed a wheat board and made an initial payment the pool elevators and the terminal elevators would be used in precisely the same way as the trade facilities were used.

Mr. HAY: They would be used to handle the crop?

Mr. CAIRNS: They would be used to handle the crop. A National Wheat Board, of course, would have complete control of the marketing of the crop, but the pool's physical equipment and the trade's physical equipment would be used in the same way as by the Wheat Board of 1919 and 1920, under the charges set out by the Board of Grain Commissioners.

Mr. GARLAND: I am not sure whether the witness answered the questions as to whether the creation of a Wheat Board, either Federal or Provincial in character, would have the effect of antagonizing European interests?

Mr. CAIRNS: I answered that very briefly in this way. I pointed out yesterday, I think quite clearly, that on the basis of six months' travelling extensively in Europe in seven different countries, interviewing many people, consumers, producers, millers and everybody else, I am absolutely frank to say that the suggestion of this country and North America having antagonized Europe is not in accordance with the facts.

Mr. GARLAND: Have you any letters to support that view that would be useful to the committee as evidence?

Mr. CAIRNS: I have some letters with me but they are of a private nature.

Mr. MULLINS: If wheat is selling at 50 cents at a country point and you pay an initial payment of 35 cents to the farmer, is it better business for the farmer to take his 50 cents for his grain, sell it and have done with it, to a line company, or to sell it to you? Would the pool buy grain from the farmer at 50 cents? Or is the farmer still compelled under contract to sell his grain to you at 35 cents?

Mr. CAIRNS: I stated as my third alternative that it could be arranged to give the pool members the chance to pool or not to pool. In the case of those whom you indicate, it is perhaps better to take the 50 cents and be done with it if they have a chance to do that; but when I spoke of 55 cents guaranteed by way of initial payment, I was referring to One Northern at Fort William, from which the freight and other charges would have to come off. There is no assurance, Colonel Mullins, if you allow everybody to rush in and market their wheat at once that 50 cents or 60 cents will be assured.

Mr. MULLINS: Suppose it is. Suppose the line companies are paying 50 cents for wheat, and I come along with a wagon-load of wheat, and I want to sell it. If I deliver it to you you will give me 35 cents as an initial payment, and if I go to the line company I will get 50 cents for my wheat.

Mr. CAIRN: The point I am getting at is this, that you are assuming what I consider to be to false premise; that is, if all the wheat is marketed as you suggest—giving it to the companies and taking it back—that you will have a stable price, when, perhaps, you will have a drastic decline.

Mr. MULLINS: If it were arranged for the bank to help the farmer to carry his grain at a low rate of interest—carry it on his own farm—would the farmer not be better off? Would it not be better for the market?

Mr. CAIRNS: I am not very hopeful about making arrangements to hold the wheat back on the farms. In the first place grain on the farm is nothing like as good security to the banks as grain in the terminals.

Mr. MULLINS: If it is a good moral risk?

Mr. CAIRNS: Yes, but then you see there is still that difference between the wheat on the farm and wheat in the terminals.

Mr. BOWMAN: Surely a considerable portion of this wheat has got to be carried by the farmer on his farm no matter what policy we adopt; you are not going to rush all your grain on to the market?

Mr. CAIRNS: A large proportion.

Mr. BOWMAN: A large proportion of it; it depends on the provinces.

Mr. CAIRNS: Yes, it depends on the provinces; but we know from actual experience that about 80 per cent of the wheat is delivered in three months; that the customary practice is for about half of that to be sold as street wheat, and a similar proportion of the other half to be sold some time after it goes to the terminal elevator—on the way to the terminal, in the terminal, or after the terminal.

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Mr. GARLAND: 50 per cent in normal years?

Mr. CAIRNS: Yes; and this is not a normal year; it is extremely abnormal.

Mr. BOWMAN: It is going to be abnormal; but the question of abnormal deliveries is another matter. Are we not going to be faced with this fact that if the price is low the farmer's creditor will be just as much interested in having the farmer hold his grain as sell it?

Mr. GARLAND: It has not been our experience.

Mr. BOWMAN: It has been our experience in Manitoba.

Mr. CAIRNS: I doubt very much if that would be typical of Western Canada. I have shown you figures to show that the farmers of Western Canada have contracted very heavy obligations at very high prices. They are asked to-day to pay back nearly \$2 for a \$1 borrowing. They have had short crops. Last year, as I showed you, it was 5·80 per acre for wheat against an average of 18 in previous years. Economic conditions are such that many farmers will be forced to sell their wheat to buy food and clothes.

Mr. BOWMAN: I am sorry to differ with you in that respect. Inasfar as a considerable portion of the Province of Manitoba is concerned—a portion with which I am familiar—I would say that the situation was this—and it was so last fall—that the farmer certainly got nothing out of his crop, absolutely nothing last fall. In many portions of the province of Manitoba the granaries are still full of barley and oats, and a lot of the farmers are still holding their wheat. Why? Simply because had they sold it they would not have got anything out of it any way, and the creditor would not have got anything out of it. To my view that is going to be the situation again this fall. You can hold it too long, but you cannot hold it at all if you are going to put it in the elevator and have it subject to carrying charges. Perhaps that may not extend to any great extent, but that certainly is the situation in a considerable portion of the province of Manitoba.

Mr. CAIRNS: I do not think it is a question of difference of opinion; it is merely a question of what conditions exist in your locality and what conditions exist in the West as a whole. You recall and are quite familiar with the fact

that Manitoba has considerably less than 2,000,000 acres of wheat while Saskatchewan has about 14 million and Alberta about 7 million; and also that barley is a very important commodity in Manitoba, and the barley situation, as you say, has been very bad. But you have many sources of income in those districts in Manitoba which they have not got in a typical wheat belt. How many farmers in southern and central Saskatchewan and Alberta have the alternative?

Mr. BOWMAN: You will not have any crop there at all.

Mr. CAIRNS: In certain sections of Alberta we will have some. They will rush the little they have.

Mr. SPROULE: Have you any way of knowing what wheat is held by the farmers there?

Mr. CAIRNS: Yes, it is so small that you can forget about it.

Mr. GARLAND: Between 10 and 12 million bushels.

Mr. CAIRNS: It is probably less than that. Ten million bushels would be high. I certainly would say 5 per cent of the crop would cover it.

Mr. GARLAND: In connection with the suggestion that the banks should finance the farmer so that the grain could be carried back on the farm, is it not true that the banks in this country, being commercial banks, constructed as they are, requiring the necessary security that they do, have never favoured the idea because of the risks such as fire and burglary, of financing any farmer to carry grain on his farm?

Mr. CAIRNS: I think that is quite true both in the United States and here. They have introduced legislation in North Dakota and some other states trying to work out a scheme whereby grain on the farm with certain fire protection, insurance, and inspection would be used as collateral, but it has not been successful.

Mr. DONNELLY: With the five dollars gross receipts per acre, could the farmer break even on that, or would he be in debt?

Mr. CAIRNS: I would answer that this way, that Russia has not evolved any particular new methods or revolutionary methods of growing wheat. Russia and the Argentine and Australia have been selling wheat for the last year away below the cost of producing it. I am quite aware that Mr. Richardson stated yesterday that in the long run you will only meet with disaster in this regard. We certainly produced a surplus over and above requirements and we have had to take less than the cost of production. We also have a situation today with wheat being sold very much below the cost. There are certain fundamental factors in operation. There is a 30 or 40 per cent reduction in Australia, a 30 or 40 per cent reduction in the Argentine. These factors have their effect. I would say that every bushel the western farmer grew last year lost him money.

Mr. COOTE: You are perhaps familiar with the fact that Australia and the Argentine have a depreciated currency. If Canada had a depreciation approximately the same would that facilitate the sale of wheat, and would it allow the return of a better price to the Canadian farmer if we had approximately the same depreciation?

Mr. CAIRNS: That, I think, is a strict matter of simple economics. I do not think there is any denying that that is the case. I think you would have to answer it in this way. When the Hon. Mr. Marler returned from the Orient, before he returned he sent out reports, and I remember discussing with him the market in Winnipeg. He was dealing with the way Australia had been able to take away the Oriental market. They have a decided advantage. When the price goes back to a farmer in a country, he undoubtedly has a higher price relative to his costs. If our currency were deflated 15 or 20 per cent we would be able to meet more effectively that competition in the Argentine and Australia,

and the farmers would have more dollars and cents with which to pay their debts, and it would do something at least to counteract the tremendous disparity in prices in Canada today.

Mr. ROWE: How would it work with the man paying?

Mr. CAIRNS: I think it is one of the world's greatest injustices that a period of deflation should come along and that the whole of a certain class should be asked to pay back \$1.50 or \$2 for \$1 borrowed. That is just a matter of A, B, C economics.

Mr. MULLINS: I believe in a system of co-operation. When this new system which has been put in vogue came up in the House of Commons in 1926, I supported it. It was a new method of marketing the grain. But it does not look very much as if we have made a success of it. We are trying to find out this morning something in regard to the marketing of grain. Now, I have no prejudices in any shape or form. I hold no brief for the grain exchange or the pools; but I want the facts. Do you not believe that the position of the farmer in the west is due to the method in which he has been marketing his product?

Mr. CAIRNS: Absolutely no.

Mr. MULLINS: He has only been receiving 35 cents as the initial payment, he has never received his 1928 money yet. The 1929 money is not paid. Is that not what has put him in the present position? He tells me so in my constituency.

Mr. CAIRNS: Certainly not. But I venture to say that in your constituency and in every other constituency—when I left Winnipeg I came from a meeting of two hundred and fifty representative delegates, from all over your province—

Mr. MULLINS: From Marquette?

Mr. CAIRNS: From all over the province, and that meeting in regard to that province absolutely determined to go back to the country and re-build their co-operative movement, and they are going to stick to it, and I am firmly convinced that the greatest asset western Canada has to-day is the intelligence of its farmers, and that intelligence is showing itself in the carrying on of the co-operative movement.

Mr. HAY: That does not hold good so far as the pool is concerned. If they are determined to carry on their co-operative selling agencies, that does not apply so far as I am aware to the wheat pool methods of marketing grain, because the great majority of the farmers in Manitoba and Saskatchewan have been asking the government to relieve them of the contracts that they made with the pool.

Mr. CAIRNS: Oh, no.

Mr. HAY: It is a fact.

Mr. CAIRNS: No, it is not a fact.

Mr. HAY: We know that this spring meetings were held all over the province of Manitoba and resolutions were passed asking that the farmers be relieved of their contracts to the wheat pool for delivery of wheat to the wheat pool.

Mr. McMILLAN: We can give our testimony any time, but we have this witness here at public expense to give his testimony.

Mr. CAIRNS: Let me answer that this way. The Manitoba Wheat Pool Board, as a result of financial conditions and over-payment in 1929 realized that the conditions were such that they had to get as much money as possible into circulation, and as a temporary expedient the Manitoba Board, after considering the matter, went out to the country and recommended to the locals that as a temporary expedient they be given the alternative of pooling or not pooling. The answer of many of the locals was—

Mr. HAY: That was after the farmers had asked for it that the co-operative advised that method.

Mr. CAIRNS: After some of them had asked.

Mr. HAY: A great many of them.

Mr. CAIRNS: It was on the considered opinion of the board, after canvassing the situation. Let me tell you this further that the farmers in Saskatchewan and Alberta, due to economic conditions, will want to be given the alternative; but let me tell you this that there has been a great howl in both provinces because they are not going to be allowed to pool, and furthermore that a great number of the farmers in western Canada are more firmly behind the pool than ever. I think it is not correct to state that the majority of the farmers are against it; we have no way of knowing it.

Mr. CARMICHAEL: I do not know that we are getting anywhere by arguing with regard to the pool. Mr. Cairns outlined three possible methods. The first was the Federal Wheat Board; the second was an Interprovincial Wheat Board with Federal financial backing, which is very problematical, and probably out of the question. Now, the third one is the optional method of marketing by the farmers through the pool or otherwise. That being the method adopted, this year we are going to have a flooding of the market with farmers' wheat. I think you can state that almost absolutely. If such a method is followed such results will follow. Have you any suggestion to make as to how this flooding can be prevented and yet have the farmers carry on financially? Mr. Richardson, in reply to a similar question yesterday, was of the opinion that machinery should be available to give at times the necessary muscle or punch to the market. I interpreted that remark to mean that the Dominion should go into the market and take the hedges which speculators were unable to take. That is Mr. Richardson's view of the matter. Now, if a wheat board, as you say, is not feasible, if an Interprovincial Board with Dominion financing is not feasible, I think the next best choice is to allow the farmers the alternative of pooling or not pooling, and if the farmers' pool—and there will be a very considerable number—the Dominion Government guarantee an initial payment of 55 cents at country points or at Fort William for One Northern, and that would take a tremendous load off the market and stabilize it. Have you any reasonable assurance that the Dominion Government would guarantee that?

Mr. CAIRNS: No, none at all.

Mr. CARMICHAEL: If that were the case, would the majority of the wheat go through the pools?

Mr. CAIRNS: I am giving you my opinion, my views, and I think, on the whole, I am giving you the views of the people of western Canada. I am not prepared to say what is likely to happen. I do not know. The whole situation is under consideration.

Mr. DONNELLY: Do you think that Russia dumped its wheat on the market last year with the idea of breaking the market, and do you think they are liable to do the same thing this year?

Mr. CAIRNS: No. I was in Russia. I spent a good deal of time with the head officials in charge of the export movement, and those officials made no secret, no attempt to hide their bitter disappointment at the prices they had received. The reason why they shipped freely, and they dumped in a certain sense, were three or four. The first one was that they had very pressing International obligations to meet, which they had to meet with foreign exchange—their currency is grossly inflated. The second reason was that they live in dread of markets being closed to them, and they had a lot of fears about countries not allowing their wheat in. But the primary reason was that they had obligations to meet that had to be met on the spot, and they had to export the wheat and take what they could get for it. The same situation, in all probability will prevail this year. They are determined, and have got to meet their current

obligations, and the only way they can do it is by exporting raw material. I might summarize it by saying that they have gone as far as they can in reducing the standard of living in order to provide factories and equipment, and in absence of foreign credits they will export oil, furs, and in good crop years, cereals.

Mr. DONNELLY: If Russia will have to do the same thing this year, will we in western Canada not have to do the same thing in order to get rid of our wheat and get money?

Mr. CAIRNS: I have noticed that many of the countries have become a little more lenient in gradually advancing on Russian obligation after they have expired. Russia started buying machinery on six months, and Great Britain and Germany gradually started an extension. I know that some firms in Great Britain are giving five years in which to pay back their obligations. But I doubt very much—I am perfectly certain that Russia will not get sufficient credits from foreign countries to prevent her pushing her stuff out in order to meet her heavy obligations. She has to pay for the machinery.

Mr. DONNELLY: What about ourselves?

Mr. CAIRNS: I think, as far as western Canada is concerned, as far as marketing their crop goes, they are in the same position. The farmers are so hard up; they have so many obligations to meet, that I do not think there is any argument about it; they have simply got to market their stuff.

Mr. DONNELLY: Does Russian wheat go on the market at the same time as our own?

Mr. CAIRNS: Precisely. At the same time as our own. I can give you official figures up to June 15. Russia has four million acres more in spring wheat than last year, though still they are considerably behind the plan. A great deal of that wheat was sold much too low. Last year they had most favourable weather, no winter killing and a bumper crop in a country such as southeastern Alberta. This year the increase in acreage will not be sufficient to make up for the average yields last year. I think we are safe in saying that in all probability Russia will have less this year.

Mr. GARLAND: You referred to southeastern Alberta, did you mean—

Mr. CAIRNS: I mean the country near the Caucasians.

Mr. GARLAND: Yesterday Mr. Richardson referred to the selling of wheat at threshing, and suggested, taking any average five year period, that it would pay the farmer better to sell the wheat outright than to hold the wheat. From your experience in the marketing of wheat do you believe that Mr. Richardson's statement should stand unchallenged?

Mr. CAIRNS: No, I would say it is incorrect. You cannot say that wheat is always high in the fall and low in the spring, or vice versa; it depends on circumstances; but over a period of years—and I will contend and I think I could demonstrate it—I will if you wish—that it pays the farmer to carry his own risk in so far as he can afford to do it. I could give you one or two illustrations.

Mr. COOTE: Do you mean May price as compared with October and November?

Mr. CAIRNS: It is not fair to say that for one year the price was lower and for one year it was higher, because conditions may be different. I went back to 1905 and divided into three month periods, September, October and November, and grouped them into five year periods. Take the crop years from 1923 to 1928. During that period wheat sold for the last three months of the year 13 cents more than wheat sold in the first three months.

The CHAIRMAN: Did you take into account the carrying charges?

Mr. CAIRNS: I took the full carrying charges that the pool actually paid during that period, a little over 3 cents. There is a margin there. In the appendix to the Stamp report you will find three or four Tables which give figures showing that the Winnipeg Grain Exchange thinks it pays the farmer to sell wheat early. But I will refer you to the fact that they are based on the maximum carrying charges, assuming that the grain will go forward. However, as Mr. Richardson said yesterday, grain can be carried on the farms very much more cheaply than in the elevators. Take the war years, there was a difference of about 30 cents. Taking the five years, wheat sold in the last three months would be 30 cents higher. Take 1905 to 1909 and you have a somewhat similar situation. In the years of deflation such as 1921 and 1929-30, quite the reverse situation held true. Those were bad years to hold wheat. I think it is a fair statement to say that on the average over a period of years farmers can market their grain gradually or market it later in the year and come out ahead without adding to the costs.

Mr. DONNELLY: What were you telling us in regard to the American Farm Board and the wheat that they held? What effect has that upon our market now and in the future?

Mr. CAIRNS: That is a very controversial question. I will give you my own frank opinion on the matter. I think it is very regrettable that there has been a good deal of talk both here and in the United States to the effect that the Farm Board has been a colossal mess. As a matter of fact, the bulk of the wheat accumulated in the United States was accumulated before the Farm Board came into operation. It probably made a mistake in 1929 by putting the price up a little too high; but there is no denying the fact that the Farm Board put approximately \$299,000,000 into the pockets of American farmers—about 18 to 20 cents a bushel. We all know the banking system in the United States and that there are thousands of small banks scattered all over, and had the Farm Board not stepped in and taken charge, there would have been an absolute panic. And we Canadians owe it to the people of the United States to frankly admit that the operation of the Farm Board put millions of dollars into the pockets of Canadian farmers. Moreover, the Farm Board's plan of reducing the United States winter wheat acreage will not only help American farmers to reduce their acreage to meet domestic consumption, but will be invaluable as far as Canadian farmers are concerned.

Mr. BOWMAN: As a matter of fact, their policy did not work out as far as decreasing the acreage is concerned?

Mr. CAIRNS: Yes. I beg to differ with you there.

Mr. BOWMAN: I was asking the question.

Mr. CAIRNS: In winter wheat they were disappointed; they got only a reduction of 12 per cent in Nebraska, and only as a whole, about 1 per cent in winter wheat; but in spring wheat they got a very substantial reduction, and it is practically a certainty that there will be a very drastic cut in the winter wheat acreage this fall.

Mr. BOWMAN: May I ask a question or two. You have outlined this morning three different methods. The formation of a National Wheat Board you admit is practically out of the question. Now, with regard to your last suggestion—the arrangement with the pool—the whole basis would be as to whether the government would be prepared to fix a minimum price. You could not carry on unless the government fixed a minimum price?

Mr. CAIRNS: There would have to be some method of guaranteeing an initial payment. There would need to be some governmental action.

Mr. BOWMAN: Without some guarantee, by the way, it would be impossible for the pools to carry on?

Mr. CAIRNS: I will put it this way. They are having a meeting of the delegates in Saskatchewan to-day, and in Alberta next week. In my personal opinion, I do not think a definite decision will be made until the situation is clarified somewhat. My own guess would be that they would probably give them an alternative, and if you have not got some definite payment guaranteed, there will be so much uncertainty about wheat going out at once that the price will go down.

Mr. BOWMAN: You have not got my point. The pool would not be able to carry out any arrangement unless they had a guarantee from the Federal Government or the Provincial Government?

Mr. CAIRNS: Or whatever arrangement they could make with the banks. You are quite right. It is necessary that the Dominion Government—

Mr. BOWMAN: Of the Provincial Government?

Mr. CAIRNS: The Provincial Government could not handle it.

Mr. BOWMAN: They could handle it?

Mr. CAIRNS: They could not.

Mr. BOWMAN: You suggested a Provincial Wheat Board.

Mr. CAIRNS: I added to that the Dominion Government would have to finance it.

Mr. BOWMAN: So that your suggestion is that no matter what scheme is adopted, in your opinion the Dominion Government would have to come to your assistance by guaranteeing minimum advances?

Mr. CAIRNS: Yes.

Mr. BOWMAN: Now, what is the present financial position of the pools with respect to various provinces? You said a moment ago that you did not think the Provincial Governments were in a financially strong enough position to give the pools the necessary backing. What is the relation at present between the pools and the various provinces?

Mr. CAIRNS: I am not in a position to divulge the details of that information, other than to say this that quite satisfactory arrangements have been made between the Provincial Government and the banks.

Mr. BOWMAN: You mean as to that advance?

Mr. CAIRNS: As to the indebtedness of the pools to the Provincial Governments.

Mr. PERLEY: As far as the marketing of this year's crop is concerned, it resolves itself into this: it has got to be through the channels of the trade using the machinery of the Grain Exchange as usual?

Mr. CAIRNS: By no means. You could not reconcile that with Mr. Richardson's statement yesterday that they use the machinery of the pool to put some muscle into the market.

Mr. PERLEY: You have to use that machinery in order that the government will come along and buy the wheat.

Mr. CAIRNS: Mr. Richardson made that quite clear, that he thought it was desirable so to handle it—to use Mr. McFarlane and the pool's machinery to give the market a crutch or to muscle the market.

Mr. DARBY: Mr. Richardson is not here, but I was here when Mr. Richardson spoke, and he said through the machinery of the open market.

Mr. CAIRNS: That would mean buying options. That is just an alternative way of handling it.

Mr. BOYES: As a new member of the House, I have never had much experience with pools, but I have read something in connection with them. Now, it is interesting when we come to speak of the whole Dominion of Canada financing

or assisting in the handling of the wheat crop. Now, I had always understood that a wheat pool would look after the financing of the crop and that they would sell it at different times when they saw fit, either in the fall when they first take it in, or carry it to a certain time and hold it. I believe the question was asked here to-day whether the pools held up the British market at a certain time for a certain price, and I believe you made the statement that they did not. Now the question in my mind, if Eastern Canada must assist in this matter, what is the nature of your operation? Do you sell the wheat as soon as you receive it or at a certain time when you can hold it up as has been stated?

Mr. CAIRNS: I can answer that very briefly this way. The Canadian crop is approximately ten per cent of the world's wheat crop. In the past the pools have handled about half of the Canadian crop. In other words, the pool handles about five per cent of the world's total production of wheat, although a very much higher percentage of the wheat that enters into International trade. Taking those facts into consideration, the officials of the wheat pool are not such fools as to think they could, with five per cent of the world's production, enhance artificially the world's values. The policy of the pool has been to move the wheat as it is delivered, in consumptive channels in an orderly manner. That is, to sell as the demand is available; and I think that a study of the pool's annual report will bear out that fact.

Mr. BOYES: Why did you not sell the 1928 crop at such a price as you could get for it?

Mr. CAIRNS: I would like to clear up one thing that seems to be implied in a lot of statements that one hears. Now, you hear no end of bombardment against the Farm Board, because the surplus that they held was supposed to have a bearish influence. The assumption is that the wheat could have been pushed into consumption. It could not have been. The fact remains that more wheat was being produced than the world was consuming, at any price. Somebody had to assume the risk of carrying it. I stated that Europe was not willing to assume that risk. Somebody in Canada and the United States had to assume that risk. The Farm Board, through the United States Government, was forced to come in to assume the risk to prevent panic. In Canada, in 1928, we had a good crop of 500,000,000 bushels. As a matter of fact, world export in that year was 935,000,000 bushels, the greatest in history as far as records go. It was simply a question of finding buyers, and somebody had to hold some of that over until somebody was hungry. The pool held over its share—approximately half of the Canadian stock.

Mr. BOWMAN: Following up that question I asked in regard to the different schemes you have suggested, the principal point of these three schemes is that there must be a Dominion guarantee. Have the pools exhausted all efforts to get the banks to come behind them in connection with handling this year's crop?

Mr. CAIRNS: The banks have never been approached in the matter at all.

Mr. BOWMAN: What do you estimate will be the carryover this year, say, as of August 1st? What is the estimated carryover of the Canadian crop?

Mr. CAIRNS: I will agree with Mr. Richardson's statement yesterday, that it would be 120,000,000 bushels or a little less. If we sell at the rate we have been selling this year, it will be less. We have been exporting on the average since the 1st of August last year 5.4 million bushels of wheat. Assuming that we continue at the same rate, the carryover will probably be 10 millions less.

Mr. BOWMAN: When you say that the banks have not been approached in the matter, in your proposition you really anticipate that there might be some difficulty in making financial arrangements through the banks to handle the crop. That is why you are asking for a Dominion guarantee of a minimum advance?

Mr. CAIRNS: Yes.

Mr. MULLINS: You say that Canada's share of the world's wheat production is 10 per cent?

Mr. CAIRNS: Yes.

Mr. MULLINS: And that the pool handles 5 per cent?

Mr. CAIRNS: Yes. 50 per cent of the Canadian crop and 5 per cent of the world's production.

Mr. MULLINS: So that the Grain Exchange, or these grain men who have been before us, handle the rest of it?

Mr. CAIRNS: Yes, I gave figures before. We handled on an average of five years 51.4 per cent of the total crop; the trade handled the rest.

Mr. MULLINS: Is the trade coming here for any Federal grant? Are they in a position financially such as you say the wheat pool is?

Mr. CAIRNS: I am not prepared to discuss their financial position.

Mr. MULLINS: Are they asking for a Federal grant?

Mr. LOUCKS: We are representing the farmers.

Mr. MULLINS: I am asking the question. I want to know if they are in the same position.

Mr. CAIRNS: I am in no position to discuss the financing of the grain trade. I will point out that there is a little difference—

Mr. MULLINS: You will have some idea, being in the business.

Mr. CAIRNS: The case of the private grain trade was clearly stated yesterday here, and to the Stamp Commission some weeks ago. They are merchants. They buy wheat from the farmer at a set price, and they protect themselves through hedging and turning over the risk to the speculator to sell it at another price. In other words, they are primarily concerned in making a margin between the price they buy at from the farmers and the price they sell at. I am discussing some differences. I am discussing what the effect of Russian wheat this fall will be on all the farmers of western Canada, and the whole economic structure of the country. They are two totally different matters.

Mr. MULLINS: In 1926 I stood behind this wheat pool, and so did my friend here who is not saying very much. I was on the job, and I feel my obligations strongly. I do not understand why my friend is not saying anything. He knows my attitude.

Mr. CAMPBELL: He has not had a chance so far; so many others have talked.

Mr. MULLINS: You have had lots of opportunities.

A MEMBER: How much money have you in it?

Mr. MULLINS: I have my reputation at stake. To-day I come back after five years, and the activities you have been through do not suit me. I will be frank. There is something wrong. If these people can handle 5 per cent and you handle 5 per cent, and you are coming here asking for Dominion grants and Provincial grants, and going around the country—I do not like it.

Hon. Mr. MOTHERWELL: Mr. Chairman, if there is any financial embarrassment in the pool operations to-day, is it not due to giving too much rather than too little to the farmer. The advance payments in 1929 proved to be more than the wheat was worth. That is the situation.

Mr. GARLAND: Not more than it was worth; more than it got on the market.

Mr. CAIRNS: That is quite true.

Hon. Mr. MOTHERWELL: In the initial payment of 1929 you gave \$1 a bushel and the previous year it was 85 cents. If there was any mistake made at all it was made in making that advance payment to the farmer too big. Is that right?

Mr. CAIRNS: Yes.

Hon. Mr. MOTHERWELL: When the wheat got down to \$1.15 then the banks got anxious about it?

Mr. CAIRNS: Yes.

Hon. Mr. MOTHERWELL: Did you drop the initial price as soon as the banks asked?

Mr. CAIRNS: Yes.

Mr. CARMICHAEL: There is a feeling amongst a great many people, possibly in this committee and in the country that the pool is in a bad financial way. It owes several million dollars. The governments of the various provinces have guaranteed that amount. They are likely to be called upon to pay it—the ordinary tax payer, pool and non-pool will have to make it up. Now, the question I want to put to you is this: is it not a fact that through the operation of the pool elevators this year, and possibly in succeeding years, through legitimate charges on the handling of grain, that entire debt can be liquidated without any taxation or charge upon anybody outside of those who market their grain through the pool?

Mr. CAIRNS: I will answer that in this way. The three provinces together owe the Provincial Governments something in the vicinity of 24 or 25 million dollars. In the case of Alberta and Saskatchewan the assets of these pools—the terminal and provincial elevators are greatly in excess of the liability to the Provincial Governments. In the case of Manitoba the assets were hardly equal to their liability. In all three provinces satisfactory arrangements—I am not at liberty to divulge the details—have been carried out whereby the Provincial Governments will pay the money to the banks on a certain basis, and they will get concurrently with those payments from the Provincial Governments to the banks an equal payment from the Provincial Pools gained from the operating of pool elevators and the earnings of these pool elevators, without any taxation whatever.

Mr. BOWMAN: That is not the situation in Manitoba.

Mr. CAIRNS: In Manitoba, I should add there, Premier Bracken in outlining his plan stated on many occasions—just as did the other two Premiers—that the reason for the Provincial Governments getting behind the pools was that they were of great benefit to non-pool farmers as well as pool farmers. Premier Bennett brought that out plainly in an extract in his speech which I read yesterday. The total liability of Manitoba pool elevators to the Manitoba Government is approximately three and a half million dollars. Mr. Bracken has outlined a scheme whereby that amount will be considerably reduced. It will be repaid on an amortization plan in twenty years out of the earnings of the pool elevators. You are right as far as the tax payers are concerned. There is a difference there. I will justify that on the ground the three provincial Premiers have spoken of as well as Mr. Bennett, that when the government is behind the pool and finances it, not only pool members benefit but everybody benefits, because the price is kept up as the result of those operations.

Mr. BOWMAN: Another question is based on past experience of the earnings of these elevators. How long a time would it take to liquidate the liabilities of the pool?

Mr. CAIRNS: Based on experience, they could be liquidated a good deal quicker than twenty years, and I think they are going to make arrangements to pay it off without any possibility of embarrassment to the finances of the pool elevators. It can be done, because those of you who are aware of the facts unquestionably know that in Saskatchewan quite a few million dollars have been refunded and paid as dividends to the farmers on the excess earnings of the elevators.

Mr. MULLINS: Are there not elevators built at points where a farmer has hypothecated his farm. It does not belong to the pool, but he has put his farm in for the sake of building an elevator.

Mr. CAIRNS: Do you mean that he has hypothecated his farm?

Mr. MULLINS: Yes. His farm is tied up.

Mr. CAIRNS: I have never heard of such a thing.

Mr. MULLINS: I may be wrongly informed, but I understood it was at McAuley.

Mr. CAIRNS: I should say that I do not think there is any such case in the whole of Canada. I am quite certain of it.

Mr. MULLINS: I was told there is a farm tied up on account of being connected with the building of a pool elevator.

Mr. BOWMAN: No. The produce grown on that farm is to be delivered to the pool elevator, but not his farm—the farm is not hypothecated.

Mr. MULLINS: Can he get a lien on his farm?

Mr. BOWMAN: Certainly he can.

Mr. MULLINS: He does not deliver his grain to the pool elevator at all, but in regard to the building of the elevator he hypothecated his farm in some way.

Mr. BOWMAN: He has got the wrong idea.

Hon. Mr. MOTHERWELL: I would like to ask this question. Mr. Richardson raised the question of the probability of antagonizing European markets against Canadian wheat if we should have any form of government board or control, and Mr. Cairns indicated that his information was of an opposite nature, but he had nothing to prove it. Now, may I ask Mr. Cairns if he has anything to indicate how many of the wheat exporting countries have some kind of government control? There are something like fifteen or eighteen countries which ship wheat in varying quantities. How many of those countries have some form of control, and how many have not. If it is shown that at least two or three have some form of control, it also shows that the system has not antagonized markets.

Mr. CAIRNS: I have never quite approached the thing in that way. I might refer you to this bulletin called "Grain Future's Speculation." There is something there dealing with operations in all the principal countries of the world. I might refer you to pages 22 to 34. This bulletin was up-to-date in May, 1931. Since then there have been considerable changes in Yugoslavia and in Czechoslovakia.

Hon. Mr. MOTHERWELL: Has Sweden any control?

Mr. CAIRNS: Sweden is going to introduce a wheat board. Norway has one and Latvia has one.

Mr. ROWE: What is Switzerland's export?

Mr. CAIRNS: Switzerland is a big importer and gets practically all her wheat from Canada. In Czechoslovakia they are introducing a similar measure. Australia, in one of those cables I read yesterday—the government is re-introducing the compulsory pool there with some other regulations. What success it will have I do not know. The Russian Government has undertaken plans to construct an up-to-date line of elevators. The United States, of course, has a Farm Wheat Board. Australia has an export bonus. The Russian Government, of course, has complete control, and all of them do a big export business.

Hon. Mr. MOTHERWELL: There is a very large proportion of the exportable surplus which is under some form of government control?

Mr. CAIRNS: Yes.

Mr. ROWE: With regard to 1928, what system had the Argentine?

Mr. CAIRNS: That same system that Mr. Richardson referred to yesterday as a bad system, the Argentine has. The facilities for handling the grain are bad and the internal charges are infinitely higher than ours, and the export companies, which have the monopoly on Argentine wheat, have not moved back into the country as we have done and provided facilities.

Hon. Mr. MOTHERWELL: Mr. Cairns, your suggestion, as I take it in your final alternative is that the pools relieve the farmer from his obligation to deliver, allowing him to sell direct if he wants to do so, but that the pools shall have some financial backing. Would a better way of getting out of the difficulty not be for the pools to bring all the elevators in the provinces into one farmer elevator system, similar to the United Grain Growers or the old Saskatchewan Co-operative, and run it as a farmer company—would that not be more effective and efficient?

Mr. CAIRNS: I do not think that would deal with the vital problem at all; because it would be quite easy for each Provincial Pool to operate those elevators as such, as handling facilities, but they are only warehousing facilities, not marketing facilities, and that would not deal with the question of keeping the wheat from flooding the market. It has no bearing on the matter of doing something to prevent a glut of the market during those months. If you buy the grain or allow them the alternative to go on the open market, you will have to hedge it, and the pressure will still be on the market. You have to provide some means, some body, or some power for assuming the risk of the difference between the amount of wheat offered, and taken. In normal years the speculators perform that function; this year they are dead; and somebody has to step in and perform that risk, and western Canada feels that the most economic and the most satisfactory way of handling it is through some form of Dominion financing and co-operation.

Mr. SHAVER: You say the speculator performs that function. That is interesting to me as an easterner. I remember, if I got the impression correctly, at the time the Wheat Pool was formed, statements were made that instead of the money going into the pockets of the farmers of the west, it went into the pockets of speculators. It was largely to do away with speculation that the pool was formed. Now, you made the statement that one of the determining factors is the lack of speculation; so do you mean that the speculator has his uses?

Mr. CAIRNS: Under the existing system, he certainly has a very important function to perform. Many farmers in Western Canada believe that that system is unsound; that a better one can be performed; but unless you have complete co-operation, or some means whereby all the farmers will carry their own risk I believe it is to the farmer's benefit to do it. As long as you have the present method of marketing, speculation is a very necessary element in the existing system and its absence is certainly to be regretted.

Mr. MULLINS: Do you think we should have a 100 per cent pool?

Mr. CAIRNS: I do not want to go into that matter. I am an employee of the Central Selling Agency. I have no personal axe to grind. That is purely a matter for provincial pools. I am just as much an employee of the Alberta Pool as I am of the Saskatchewan Pool, and I would rather not be involved in that discussion.

Mr. HAY: You believe that hedging is necessary under the present system?

Mr. CAIRNS: I believe it goes without saying that no grain company would be willing this year to take the risk of buying the grain and being able to sell it. I think Mr. Richardson made it perfectly clear that the custom of the grain trade is to hedge as they buy. Some of them did not do that in 1929 and some of them lost money. I think it is quite true that in the large bulk of the grain bought by the grain companies they must have some form of protection, and they transfer the risk.

Mr. HAY: You deny the charge that your organization purposely held grain off the market with a view to increasing or getting a better price to the farmer. You say you sold whenever you could get a decent price for the grain. Now, I differ with you there, and I think the farmers of the country will differ with you very largely with respect to that statement, because I am informed by men who had grain to sell—pool members—that they were advised to hold their grain for higher prices—not to sell it—and more than that, I understand that in order to induce the farmers to hold their grain, that you offered a bonus of 6 per cent to pool members who would hold their grain until after the Christmas period. Is not that a fact?

Mr. CAIRNS: I will answer that question in two parts. In the first place, pool farmers were not advised to hold their grain for higher prices; in the second place, pool grain was sold, as I think a careful analysis of the records will clearly indicate, in accordance with demand. The pool made no attempt whatever to hold that wheat back. It tried in every way it could to export its wheat, as indicated by the fact which I pointed out that in a five-year period we marketed 51.4 per cent of the crop, and hold some 43 per cent in the carry-over. Regarding the 6 per cent, you are referring to farm storage.

Mr. HAY: You sold more in 1928 than you did in 1929.

Mr. CAIRNS: Yes, because there were more people wanting to buy. The world exports of wheat in 1928-29 were 935,000,000 bushels; in 1929-30 they were only 640,000,000 bushels, a difference of over 300,000,000 bushels. Now, with regard to your other question about the pool paying 6 per cent—

Mr. HAY: Six cents a bushel.

Mr. CAIRNS: No; never anything like that.

Mr. HAY: They offered that. They made the offer to the farmers to bid them six cents a bushel for all the wheat they would hold in their bins until after Christmas.

Mr. CAIRNS: That is not correct. With reference to farm storage, Mr. Richardson made it quite clear yesterday that the farm was the cheapest place to store wheat. The pool attempted, by paying a small amount on farm storage, to stem the heavy tide of deliveries in the fall, but it was not very successful, because they did not pay them enough to induce the farmers to hold it back.

Mr. LOUCKS: It only amounted to 3 per cent.

Mr. LUCAS: Do I understand you to say that the pool handled 43 per cent of the carry-over?

Mr. CAIRNS: On the average for a five-year period, and it handled 51.4 per cent of the grain marketed.

Mr. BROWN: I want to come back to the problem with which we are confronted, the question of the marketing of the coming crop through government assistance. Supposing that the third alternative is the one we should adopt, I would like to know just what is being requested of the government, and what assistance would be expected. Now, we know that the pools are financially embarrassed. That is a mild way of putting it. We know that that financial embarrassment will interfere with credit at the banks. Now, is it expected or desirable that the government should step in and guarantee the line of credit which is ordinarily furnished to grain handling companies by the banks—that the government would assume the function that the banks have hitherto discharged in regard to the pool; is that what is wanted? If a man wants to sell grain through the pools and get the whole of his money, is that the source through which it is going to come?

Mr. CAIRNS: No. I am simply giving you my own views on this subject. Now, with regard to the two alternatives, the National Wheat Board, and the Interprovincial Wheat Board—if they are out of the question I think there is

a good deal of merit in the other alternative, that if members be given an opportunity to secure the full market price of the grain, that will be hedged on the market to protect the pool against any loss, and for that proportion of the grain which is held off the market, if the farmers are taking the risk of change in the price, the Dominion Government will finance that portion of the wheat. It is essentially the same thing as was done last year by the Provincial Governments.

The CHAIRMAN: That would have the effect of stabilizing Canadian prices. What effect would that have on world prices?

Mr. CAIRNS: I am going to answer that by bringing up a very controversial point. From what knowledge I have as a student of economics, I believe that the notion that the Liverpool price is the world's price is untrue. It is just as much a truism to say that the Canadian price is never more than such and such under the Liverpool price. That is tantamount to saying that the price of wheat in Canada is equal to the quotation in Liverpool, plus transportation charges. The Liverpool market is a cash market. It is a very restricted and limited affair which both grain men in Canada and in the United States are afraid of because it is so narrow. It is primarily the reflection of the cheapest wheat available in the world in considerable volume, which is based largely on Argentine wheat. When anything is done in Winnipeg touching the market, there is no denying the fact that it affects all markets. Throughout Europe last fall when I was travelling, everybody said, "what is the explanation of all the bearish stuff that is coming from Winnipeg?" I said that there was some short selling. The pool was selling a good deal, and there was a certain amount of uncertainty, and a certain amount of hedging of other wheat on the Winnipeg market. We have the same situation this year. This notion that because something is done in Canada to stabilize the market it will result in Canada being left holding the bag is fallacious. Of course, anything that happens in Winnipeg and Chicago has an important effect on the markets of the world.

Mr. ROWE: In the 1928 market there was some controversy with regard to our maintaining our position in the world market. How does that compare with the marketing of the Argentine crop. Did the Argentine maintain a greater proportion of her normal world trade?

Mr. CAIRNS: In marketing the 1928 crop, the Argentine had a very large surplus after 1928 was over. It is true that for reasons I explained before we had an enormous carry-over—about 130,000,000 bushels—against a normal carry-over of sixty from the 1928 crop. They marketed a large portion of that in the beginning of the year 1929, and they did that for the reasons I explained before. The wheat was afloat unsold and could not be sold. There were scores of boats filled up with grain. I think Mr. Smith in his evidence said that the people of Canada were in the same boat, and that the stuff could not be exported.

Mr. ROWE: I think it is generally understood that the facilities for handling grain there are not as good as they are in Canada, and at that time they were not receiving a good price. In other words, they must have been successful in their salesmanship of wheat, because whether it was afloat on the boats or in Canada, it was difficult to sell.

Mr. CAIRNS: There was a lot more wheat available in the world—three or four hundred million bushels more than could possibly be eaten. The Argentine had shipped their stuff. It was moved to England. There was congestion in the United Kingdom ports. How, in the name of common sense, could Canada have pushed a great stream against them, and have two congestions instead of one? It is not reasonable.

Mr. BOWMAN: I would like to go back to the question we are here to consider. I thought I had the matter pretty well cleared up as to your suggestion

until you gave your answer to Mr. Brown. Do you suggest that the pools are going to do part of their financing through the bank and part of their financing through the Federal Government? What is your suggestion?

Mr. CAIRNS: I am giving you my thoughts as they come to my mind. In so far as grain was sold outright, it could be heldged and finances arranged to take care of a relatively small line of credit necessary for that.

Hon. Mr. STEVENS: By whom?

Mr. CAIRNS: Either through the banks or through the government. The amount involved is much smaller because you are protecting yourself by selling futures against the deliveries received from the farmers in the country.

Mr. BOWMAN: That is the point. When Mr. Richardson was giving his evidence I made it a point to ask him this question: were they in a position—the trade as we commonly understand that term—to do their own financing and carry on; and the answer was yes. Now, as I understood your proposition in your first answer to me, it was that you must have a guarantee from the Dominion Government for every bushel which you handle?

Mr. CAIRNS: No, I am just referring to pool wheat.

Mr. BOWMAN: I am referring to pool wheat too.

Mr. CAIRNS: I am taking an initial payment and waiting to see what the wheat sells for. In so far as pool members deliver their grain to pool elevators and want the full market price, there is no reason why the pools can not handle that the same as the grain trade, because the amount of money involved is relatively small. The other point is to take the load off the market. By taking that wheat out of the market it has, of course, a stimulating effect upon that market.

Mr. BOWMAN: What is your proposition in so far as the Dominion Government is concerned?

Mr. CAIRNS: As I indicated, I think there is merit in something along that line. I haven't had a chance to give definite thought to it. I say that some method like that could, I think, be worked out.

Mr. GARLAND: Might I follow that up by asking this gentleman a question? Is not the idea one of creating some stabilizing factor that would have to be administered through, say, a Department of Government or a committee or commission to arrange for the taking up of the surplus hedges on a flooded market next fall? When the crop goes on, some form of organization will be necessary?

Mr. CAIRNS: Yes.

Mr. GARLAND: But a far superior method would be a more intelligent method of handling the situation.

Mr. CAIRNS: Most emphatically, if it is possible to get it. I think that is the most economical and most businesslike way to do it, if it is possible to do it.

Mr. BOWMAN: That is for handling all the market; but your idea a moment ago was not to handle all the market.

Mr. CAIRNS: That is in case these other things are found not to be available.

Mr. BOWMAN: In other words, you support the view expressed by Mr. Richardson that a crutch should be put under the market through some instrument?

Mr. CAIRNS: Through some instrument. Handling it in that way would be my third choice.

Mr. BOWMAN: Or by buying on the open market.

Mr. CAIRNS: Yes.

Mr. BROWN: Supposing we did adopt the proposal of a wheat board, in that case would the farmer have the option of taking an initial payment and waiting for the final payment.

Mr. CAIRNS: I think—

Mr. BROWN: Or getting the full market price for his wheat at that time; would that not be your proposition?

Mr. CAIRNS: No; I think the wheat board—every farmer would take an initial payment, because if they did not, if they took the full market value, it would amount to the Dominion government setting the price definitely, and then either taking the loss or profit, whatever it was sold for. With a wheat board, the farmer gets an initial payment.

Mr. BOYES: That is not the pooling system; you take your chance with it, sell it on the open market, and in that case you are not pooling the wheat, you are merely acting as a buyer in that case.

Mr. CAIRNS: Yes, exactly, in as far as the wheat is not pooled, it is handled precisely the same as the co-operative elevator houses handle it, buy from the farmer direct.

Mr. BOYES: Have you been doing that in the past?

Mr. CAIRNS: We have never conducted it in the past, never did it before.

Mr. BROWN: Coming back to the proposition, I want to see if I can get it clear as to what is likely to happen. Let us suppose that half the wheat were pooled, and the other half sold outright. What would be the position then, would the pool be in a position to handle that half that was pooled as formerly, and that only government help would be required to carry it into effect?

Mr. CAIRNS: No, I would say the amount pooled would require Dominion government financing, and of course, Dominion government incorporation.

Mr. PERLEY: Mr. Smith was asked to stay over to give us some information, and I would suggest that Mr. Smith be called now for a few minutes.

Mr. ROWE: Before you call Mr. Smith, I should like to get a little information on one answer. Did you say that 43 per cent was held by the pools, or was 43 per cent the amount of wheat held during the last five years?

Mr. CAIRNS: Forty-three per cent of it was held by the pool.

Mr. ROWE: I just wondered—

Mr. CAIRNS: Here are the figures. In these five years the average amount of the total carry-over—

Mr. ROWE: Of wheat.

Mr. CAIRNS: Of wheat in Canada, the total carry-over in these five years was 441,000,000 bushels. The pool held of that total at the end of July, that is, for the pool year, 190,000,000 bushels, or in other words, the pool held 43·2 per cent of the total carry-over for these five years.

Mr. ROWE: That was the amount.

Mr. CAIRNS: 42·2 per cent of wheat in Canada; and during the same five years the pool received from farmers in Canada 51·4 per cent of all wheat delivered.

The CHAIRMAN: I am in the hands of the committee. What is your suggestion as to hearing Mr. Smith?

Mr. GARLAND: Just one question, before you call Mr. Smith. Certain charges have been made with regard to the dealings of the wheat pool prior to this year on the Winnipeg Grain Exchange. That what extent has the pool sold wheat on the exchange prior to 1931?

Mr. CAIRNS: You say, to what extent has the pool sold wheat or bought wheat?

Mr. GARLAND: Either sold or bought wheat.

Mr. CAIRNS: As far as buying is concerned, I believe they did, but as far as selling is concerned—

Mr. BLAIRS: You have two books there, will they be available to the committee?

Mr. CAIRNS: Yes, they are being produced.

The CHAIRMAN: Is it your pleasure that Mr. Smith should be heard? Agreed.

Mr. BOWMAN: I think I would like to ask Mr. Cairns some questions later.

The CHAIRMAN: I do not think we shall discharge Mr. Cairns just yet.

SYDNEY SMITH called.

The CHAIRMAN: I understand from the Minister of Agriculture, and I believe it is the wish of the committee that this subject should have the fullest investigation, and for that reason I do not think we should discharge Mr. Cairns as a witness yet.

Mr. BOWMAN: Quite right.

Mr. MYERS: Perhaps Mr. Smith can tell us now by and large, what effect this hedging business has on the wheat trade. Personally, I think it is a gigantic mistake. That is my personal opinion. I should like to be convinced otherwise.

Mr. SMITH: In regard to hedging, the term hedging as used, simply means the selling of the wheat to somebody. That is what it means, exactly. One of the gentlemen, speaking to us this morning, stated that when a hedge was made, and the market we will say went down—I think it was Dr. Donnelly—went down ten cents, that the hedge then went out of the market some way, as I understood it. Well now, when a hedge is made it is simply a sale of wheat.

Mr. MYERS: Does it means a second sale?

Mr. SMITH: It means a sale of wheat. A hedge is a sale, that is all it is, absolutely. Now then, a sale of the wheat therefore, is not a sale of wheat exactly for export, it may be export, it may be for home consumption; it may be for speculation or it may be for any purpose; but it is a sale of wheat. That is what a hedge means.

Mr. MYERS: Supposing I deliver 1,000 bushels of wheat to the open trade or to the pool, am I all through with my wheat?

Mr. BROWN: It is likely you are.

The CHAIRMAN: Order, gentlemen.

Mr. SMITH: If you deliver it. If you sell the wheat and deliver it, certainly I would say you are through with it, and have got your money.

Mr. MYERS: Is not that the right way?

Mr. SMITH: That is the right way, yes. And that is what you do when you are hedging wheat. You simply sell it, if you deliver it to-day, the next day, or any day.

The CHAIRMAN: It is not fair to the witness nor to the reporter to have this noise carried on, it is impossible to hear what is being said when you gentlemen are talking among yourselves in this way.

Mr. GARLAND: I should like to ask the witness a question. Every hedge is an actual transaction in actual wheat, is it?

Mr. SMITH: It is potentially so; it is intended to be so, but as you know, Mr. Garland, quite well, when a hedge is made on wheat, wheat must be delivered on that sale. If I made a sale to you of 5,000 bushels of October wheat,

I have to deliver you 5,000 October wheat, but you may sell to me or somebody else in the meantime, step out of the contract, but there always remains a buyer and a seller in connection with the contract and many traders may have been eliminated.

Mr. BROWN: Eventually the sale is delivered.

Mr. SMITH: Eventually there is delivery, and delivery is always contemplated, and must be contemplated. There is no such thing as a sale of wind.

Mr. GARLAND: Even in the hedging system, a single thousand bushel unit of wheat may be sold several times.

Mr. SMITH: Oh, yes; yes, it may.

Mr. GARLAND: Actually, wheat on the other side may have the same experience.

Mr. SMITH: Yes.

The CHAIRMAN: What have you to say, Mr. Smith, about Mr. Garland's proposition for stabilizing the prices this fall?

Mr. SMITH: Well, that seems to be—

The CHAIRMAN: That is the important matter before the committee, and on which we desire information.

Mr. SMITH: I must say I was very much interested in the proposition and the proposal that had been made about putting a crutch under the market or helping in any way to assist the market. I think we all have some idea that something may be necessary; but we must bear in mind this: that we have not looked on the other side of the situation at all. We have looked on our selling side and wondered how we were going to get rid of it. But there is a side that we have to keep in mind, and that is the chance of the market. The market is at a low level now. Neither the Canadian crop nor the American spring wheat crop, nor the European crop nor the Russian crop is made yet. They are not made. We have not got the crops yet. But they are in prospect. I think that we must keep that before us; that this disastrous decline which is so much talked about now, may never take place. There may be, instead of that, a turn for prices on the upward trend, but in case it may take place, it seems to me that the best plan of handling the grain crop this fall is to handle it through the open market with the exception, possibly, that the government may have to take some such step that it may see necessary, if the great disaster that so many people seem to fear, does really take place. But we cannot project ourselves now to three months ahead and know what is going to happen regarding those growing crops; and anything that does happen will probably be in favour of a slight turn of the market upward. I think that is the situation.

Hon. Mr. MOTHERWELL: It looks that way now.

Mr. SMITH: It looks that way way now. We should keep that in mind; but on the other hand, if we had some provision, some enabling legislation whereby the government could step in, through Mr. MacFarland—I think his name has been mentioned by everybody here—we are not here to represent any plan exactly, but if that were possible, it would seem to fill the needs of the situation.

Mr. BROWN: Would it be open for the government to purchase wheat on the market?

Mr. SMITH: I think that the government should purchase wheat on the open market, and they could take a little time later on and sell wheat on the open market if they wanted to.

Mr. GARLAND: Your suggestion is, Mr. MacFarland should be made the medium through which such purchases shall take place?

Mr. SMITH: I do not say that exactly. I would not like to make a suggestion that would be prejudicial to me later. I think some such plan has been worked in the past, and would be quite a reasonable thing. Mr. MacFarland or some other man would be empowered to step in and buy in the open market if the government thought it was wise at the time.

Mr. MYERS: Let me ask this question: let us forget for a moment that we are in this present year, 1931, and that prices are low. Take any average year when wheat is offered at an average price, is it not true that at a certain time in the fall of the year when there is a big lot of wheat on hand, that prices drop a little for a while?

Mr. SMITH: Well, I think so.

Mr. MYERS: That is so with potatoes and turnips and everything else.

Mr. SMITH: I think when there is an oversupply on the market it is quite certain that the oversupply will cause a fluctuation in prices. When there are more sellers than buyers I think that is true, but, however, usually there are more buyers than sellers—

Mr. MYERS: Usually that happens in the natural course of events every year with every farm product.

Mr. SMITH: Oh, it does not happen every year with every farm product. I have known times on the Winnipeg Grain Exchange when there were rising prices right through the fall.

Mr. MYERS: Through the bulk of the shipping season?

Mr. SMITH: Right through the shipping season, the bulk time of grain, the end of the fall term. And, then I have known other times when there was no rising, years when we have had large surpluses, the world's surplus of wheat were not sold. This year we have those large surpluses, and the trouble is that it is a world problem, and not confined to us alone.

Mr. MYERS: Would not you naturally expect a rise this fall?

Mr. SMITH: I think that the surplus is slowly being absorbed. I think, as Mr. Cairns said this morning, that the American winter wheat board surplus is the only thing in the market that, to my mind, might, if they tried to dump it suddenly, cause a very bad situation.

Mr. GARLAND: We have our own surplus.

Mr. SMITH: Yes, but we are working that off of course, working it off all the time. There has been wheat sold by Mr. MacFarland right straight along. We have been working it off, but not as well as we might, because of the business speculators who have been referred to. They are not buying as other years. I spent three months in Europe this year, and I called upon the trade and saw a great many people, and I think the bins of Europe are absolutely almost empty of grain. If nothing should occur to make them wish to lay in a supply of grain, I should think the whole problem would be cleared up, in regard to this surplus.

Mr. DONNELLY: Do you expect a shortage of speculators this year?

Mr. SMITH: I do not know how you can tell how many speculators are going to come in or not. Speculators come like a drove of sheep, as a general rule. I should not use that word, but they run in the same direction.

Mr. BROWN: Who are these speculators?

Mr. SMITH: The farmers are speculators, the merchants, and everybody else. We all love to speculate. I do not know of any man who does not like to take a chance on something; it is human nature. I think therefore, that there may be more, as far as—

The CHAIRMAN: Order, gentlemen. It is impossible to hear what is going on.

Mr. SMITH: Regarding the possibility of speculators in the market this year, I do not know who can tell whether there will be speculators in the market or not.

Mr. PERLEY: Did you ever know of a time when there was nobody to buy and sell—

Mr. DONNELLY: In the open market there is always somebody to buy at some price.

Mr. PERLEY: Is it not true with regard to the grain market as to the stock market, that there is a dearth of speculators to-day?

Mr. SMITH: Yes. The trend of speculation is at a much lower volume than it was formerly.

Mr. BOWMAN: Groups are liable to come in any time.

The CHAIRMAN: You do not think the government should come in and buy a certain amount to stabilize the prices? Would they stand much danger of losing?

Mr. SMITH: I would think there are 9 chances to 1—I do not like to prophesy, because next year I may be called back, and I may be met with the prophecy. I think that the chances are 9 to 1 of there being a slight rise in prices this fall. I think that Mr. Garland spoke of that statistically, and I think that there are 9 chances to 1 that there will be a rise in prices rather than a decline.

Hon. Mr. MOTHERWELL: About that.

Mr. SMITH: I would say it might come this fall. I think we are at a low level of prices now.

Mr. MOTHERWELL: It looks as if it will be better this year.

Mr. MULLINS: In other words, we are turning the corner for higher prices.

Mr. BOYES: You have expressed your opinion, that you thought it would be wise on the part of the government to purchase some wheat. Now, we will say that they bought wheat at 60 cents, would you say that that should be bought on the market, or bought in farmers' wheat.

Mr. SMITH: If you buy it through the open market, you are buying farmers' wheat.

Mr. BOYES: If they bought it at 60 cents, and it went to 70 cents, would the government secure the profit, or if it went back to 45 cents, would they stand the loss?

Mr. SMITH: I would say if the government secured a profit they could turn it into the western relief fund which will have to be established this year. If they make a loss they will have to stand it.

Hon. Mr. MOTHERWELL: They are bound to do it, anyway.

Mr. SHAVER: When you were in Europe did you find any antagonism on the part of the buyers, or was there a friendly feeling?

Mr. SMITH: I found this—as I say, I do not want to engage in a controversy with the pool or with their method of handling grain—I found this, that there was a sales resistance set up in most of the places where I was. Generally, I would say they considered that they had been held up, as they said, to make them pay higher prices for wheat than obtained. They felt that we had tried to hold them up, and the pool probably was an active agency in a large way over there in the selling of wheat; and they seemed to think, as far as I could get the consensus of opinion that they were being held up. They were not in favour of buying the grain the way that it had been introduced. Merchants felt that the introducing of agents by the pool system would be putting them out of the trade, and they are against it. It was not a personal matter in the sense of personal hatred, but a personal matter in the sense that the merchant felt that he was locked out

of the trade, and that was the feeling all over the country. They would sooner handle the trade of other countries, rather than the Canadian wheat trade, because they could make a profit out of it and handle it through the regular channels of trade. Now that is the general idea that I got.

MR. GARLAND: Mr. Chairman, how does that coincide with the fact that according to the figures that the trade held back more grain than the pool did.

MR. BOWMAN: That is not what Mr. Cairns said.

MR. SMITH: I think I could—

MR. BOYES: 43 per cent held back.

MR. SMITH: Mr. Garland, we have to keep this in mind, the surplus that was held back in Canada did not help the grain trade at all. That was sold out through hedges in the market. It may have been individuals who were foolish enough to think that the market was going up. It was no help to the grain trade at all.

MR. MULLINS: In other words, it did the trade no good.

MR. SMITH: It did the trade no good. It might have been owned by millers, speculators, farmers and everybody else. I think that the great majority was held by farmers.

MR. DONNELLY: The great majority was held by speculators.

MR. SMITH: Yes, I think the great majority was held by speculators of some kind, whether farmers or not.

MR. DONNELLY: The majority were Canadian people.

MR. SMITH: Yes, I think so.

HON. MR. MOTHERWELL: Does the grain exchange, as such, trade in wheat at all?

MR. SMITH: No.

HON. MR. MOTHERWELL: At a profit to themselves?

MR. SMITH: Individuals do so, maybe, one way or another, but not as an organization. The big companies in the grain exchange are those who have to borrow much money from the bank, and that is given them on the basis that they have to keep the grain sold. I am sure you will be interested in that. We have to make a statement to the bankers showing how much grain we are carrying in our elevators, and what sales we have against it, so that they cannot speculate in it. I think I know all about the speculators in the grain business. Primarily the grain exchange is an exchange to trade in grain, to buy and sell it and make a profit on the operation. It is not, as was said by Mr. Richardson, a "Christmas tree." It is out to make a legitimate profit in the operation of the business.

MR. DONNELLY: In the buying and selling of grain.

MR. SMITH: Yes.

MR. GARLAND: Nominally I think that is correct, but speculation by the members in grain do undoubtedly take place, as I had a personal experience that I have not forgotten, having shipped my wheat to a private grain dealer, and it was discovered that he had been speculating, and I lost my car of wheat.

MR. SMITH: Yes. That was an unfortunate experience.

MR. GARLAND: I'll tell the world it was.

MR. SMITH: I think it will be fair to say this: that the whole west is hopeful; everybody in the west is imbued with the hopeful spirit. It radiates out there; everybody wants to take a chance on the long side. We are more bullish than bearish. There will always be speculators in something out there.

MR. DONNELLY: Is it not a fact that about 90 per cent of the farmers, speaking largely, always speculate on wheat to go up?

Mr. SMITH: Yes, that is right.

Mr. MYERS: The grain buyers in western Canada have to go to the banks from time to time; is there any danger that they will not get money this fall?

Mr. SMITH: No, there is no danger of any concern of any financial responsibility not getting the backing he needs. On the average they all have some security out there, and they must have the cash to handle the business; and those bankers, as I say, compel them to buy and make sales, and I do not think there is any danger regarding that. There is plenty of money to handle the trade in a trading sense, but they will not handle it in a speculative sense. That is, if any man is turned down by the bank, it is usually for that reason.

I should like to make this remark in order to make clear what has been said about hedging. The clearing house stands between the buyer and the seller, and is the balance wheel to keep them both in order, so that if a seller makes a sale, he knows that he has the clearing house to stand between him and any possibility of his not being able to deliver wheat. If a buyer makes a purchase, he has the clearing house standing in the same opposite relation.

In the operations of the selling of grain and in the buying of grain, sometimes people say a sale does not mean an actual delivery of grain, but it does. The machinery of the grain exchange functions whether the price drops from \$1.10 right down to 50 cents. There is no question about that. The machinery functions, and there is no doubt in the world that there will always be somebody to buy wheat at some price, and always somebody to take delivery of wheat.

Mr. DONNELLY: Is it not a fact when you have a price margin of say ten cents—we will say the price drops 15 cents,—is it not a fact you are not able to get your hedge cleared away, and the day will close with it not cleared off?

Mr. SMITH: If wheat were sold on a margin of ten cents, and you were sold out, it may be because the clearing house does not know you. They may take you along to 15 cents, but in order to protect myself if you do not come along with the margin, I say to you, if you do not put up the margin in that case, to a certain point, I will close it out because otherwise I will have to put it up myself. There is really no reason for anybody being closed out if they can get—

Mr. DONNELLY: Is it not a fact that on certain days they were not able to close out the sales?

Mr. SMITH: We have a lot of margin accounts of all classes, and we close ours all right. There is very little inability about it.

Mr. BOWMAN: Did somebody else take over the calls on the broker?

Mr. SMITH: Somebody took over the calls, on the whole, in every case they get somebody to take their calls. They have to sell at some price. You cannot wipe the deal out.

Mr. DONNELLY: I mean, there are so many sales put through that the exchange would not be able to handle the whole thing.

Mr. SMITH: No.

Mr. DONNELLY: That is my understanding, that there are so many sales that they could not get through.

Mr. SMITH: I will explain it this way. If the market closes at 70 cents, and your margin is 65 cents, and if there is some terrible break in prices on the market, and it goes down to 64 cents, we will have to take 6 cents and you would give us one cent a bushel on the trade. If you did not do that, we would have to—

Mr. DONNELLY: No, I do not mean that. I mean on certain days the break is so great, and the business in sales on the exchange was so great that it was impossible to get them through.

Mr. SMITH: There is never a trade wiped out. A thousand bushels cannot be wiped out and have a buyer and a seller in connection with it. It absolutely cannot be wiped out.

Mr. PERLEY: The broker has to carry the loan.

Mr. DONNELLY: The broker had to carry the whole lot, because they were not able to make sales on the exchange.

Mr. SMITH: The broker might do that if he knew what it was actually going to be. If he does, he does it at his own risk, so far as the grain exchange is concerned. He is doing it at his own risk.

Mr. BOYES: This year the wheat trade is in a different condition with respect to consumption to what it was other years. Wheat is being used for different purposes, and is not that helping to clear the wheat market to some extent? What has been your experience in this respect?

Mr. SMITH: I am not very familiar with the cattle business, but I have spoken to a number of farmers in the west, and I find a number of them are feeding a little wheat and some sheaves to stock, trying that way to get better prices. One farmer told me he got \$1.35 a bushel for his wheat, through having fed it to cattle and hogs with some sheaves.

Mr. BOYES: That helps to decrease the quantity.

Mr. SMITH: Yes.

Mr. GARLAND: I move a vote of thanks to Mr. Smith.
Carried.

ANDREW CAIRNS recalled.

Mr. GARLAND: There is one question that bothers me—personally, I am in favour of the creation of a wheat board this year—I do not wish to introduce a controversial matter, but the only real opposition seems to be on the ground that there will be some resentment in European countries. Can we get from Mr. Cairns, as quickly as possible, his opinion on that?

The CHAIRMAN: Perhaps Mr. Cairns will answer that.

Mr. CAIRNS: Really, the question arises, which Mr. Smith intimated a moment ago, that there was a feeling of resentment against the direct selling in Europe by the wheat pool. An organized, centralized selling of our wheat crop I take it, somewhat similar to the wheat board, is—

Mr. GARLAND: Well, I do not want to bring this matter up, because it is a delicate matter, bearing on this year's operations, and I would prefer not to discuss it. But it is a vital point, and Mr. Richardson and Mr. Smith both expressed fears that, at least Mr. Smith and Mr. Richardson made it very clear that the wheat board would be resented in Europe. Mr. Smith has said he found certain sales resistance there against Canada. I would like to have the opinion of Mr. Cairns as to that.

Mr. CAIRNS: I am sorry I did not deal with that. The pool, as you know, conducted direct selling for several years. A good deal of information was spread abroad, and as a result of that direct selling, antagonism represented in this sales resistance was set up against Canada. Mr. MacFarland came to the pool. He announced shortly afterwards that as a concession to the feeling which seemed to be prevalent abroad they were going to discontinue direct selling, and made it quite clear in his announcement. That is the gist of it. The concession was that if the direct selling was antagonistic to Europe, they were closing up the European offices and discontinuing it. Now, in fact, Mr. Smith may have got from certain people in Europe a feeling of the sales resistance, but I think it is only natural that some of these people who are pool competitors should feel resentment to the pool going to Europe and doing this business direct. Naturally, it took some profit away from them. It is only reasonable to suppose that they would not be pleased about it, but in as far as

the merchants are concerned, it is regrettable that in as far as the pool doing this business is concerned, they found it to be necessary; and practically every country in the world to-day is doing direct selling. The Argentine people have been experimenting with agents. Russia does all her selling by direct selling, the Australian people sell an increasing quantity every year by direct competition with buyers in London. I know from my own personal experience many many hundreds of thousands, in fact millions of bushels of wheat which were sold in Europe, were sold by direct sale. There are agents all over the country, in Greece, in other countries —

The CHAIRMAN: Do these other countries work on a commission basis?—do they work with middlemen?

Mr. SMITH: Many do not work with middlemen at all. I did not want to refer to this, because it is a matter I would rather have left undiscussed, but since direct selling was discontinued, a large majority of the institutions in Europe, including the large millers in Great Britain and Germany, the big millers in Germany and France, have asked them to go back to the old basis.

Mr. DONNELLY: In fact the resentment there was through the commission men.

Mr. CAIRNS: The resentment was very natural and to be expected on the part of people who were not doing as large and as profitable a business as they were doing previously. I think that is only reasonable, but as far as the big millers were concerned, and the co-operative societies, and the private millers in Europe, they have stated they prefer to do business in the old way.

Mr. DONNELLY: Did they give reasons?

Mr. CAIRNS: Yes. They felt they were placed in a better position in every way. After all, the miller is largely concerned in how he can buy his wheat best against his competitors.

Mr. BOWMAN: How can he buy the cheapest?

Mr. CAIRNS: Precisely. If the millers of Great Britain can buy theirs from Canada cheaper and of good quality, or as cheaply, they do not care whether they buy from the wheat board or not.

Mr. GARLAND: They want speedy contact?

Mr. CAIRNS: They want speedy contact and quality, with a fair chance to do business direct on the ground with their competitors, and with the Argentine selling direct, and with Russia selling direct, and Australia increasing her business more and more every day, with their agents in direct contact with the buyers, Canada ought more or less to be following the trend of business. The trend of business is to get more and more purchasers closer to the consumer. That is the inevitable movement, and speaking from my personal opinion, I am convinced that direct contact with the purchaser and the seller will increase, rather than diminish, regrettable as that may be from the standpoint of merchants, whose interests will naturally be adversely affected.

Mr. DONNELLY: Will you tell us something about the antagonism—

Hon. Mr. MOTHERWELL: In other words, a certain number of middlemen will have to be eliminated, and they will object.

Mr. CAIRNS: Yes.

Mr. DONNELLY: Just one question. We were told that the antagonism was so great towards the pool in England, that they had advertisements on their wagons saying "No Canadian wheat in this bread."

Mr. CAIRNS: Well, I think that was definitely exploded. As a matter of fact, Lyons, a big retail shop in England, explained the matter satisfactorily. I think the Canadian Press who sent the story over explained, as a matter of fact, that there was a misunderstanding about it.

The CHAIRMAN: The committee will now adjourn to meet at the call of the chair.

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SESSION 1931

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HOUSE OF COMMONS

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

1931

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

THURSDAY, JULY 16

TUESDAY, JULY 28

WEDNESDAY, JULY 29

Order of Reference—Re Handling and Marketing Agricultural Products

REPORT

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1931

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

THURSDAY, July 16, 1931.

The meeting came to order at 10 o'clock a.m., Mr. Bowen, in the absence of Mr. Senn, presiding.

Members present: Messrs. Barber, Bowman, Bowen, Brown, Campbell, Carmichael, Gobeil, Hay, Loucks, McGillis, Mullins, Myers, Perley, Porteous, Rowe, Shaver, Sproule, Stirling, Thompson, Totzke, Tummon, Vallance, Weese, Weir (*Macdonald*).

The chairman called on the subcommittee on witnesses to report.

Mr. Tummon for the subcommittee reported that in view of the near approach of the end of the session and the considerable amount of evidence presently before the committee that it is the opinion of the subcommittee that no further witnesses be called and that a subcommittee should be appointed forthwith to draft a report for presentation to the committee.

Mr. Myers moved that a subcommittee be appointed to draft a report for submission to the main committee and that such committee be composed of the following members, namely; Messrs. Totzke, Tummon, Campbell, Gobeil, Perley and the Chairman.

Motion carried.

The meeting then adjourned at the call of the Chair.

A. A. FRASER,

Clerk of the Committee.

HOUSE OF COMMONS,

TUESDAY, July 28, 1931.

The meeting came to order at 10 o'clock a.m., Mr. Senn presiding.

Members present: Messrs. Bertrand, Bowen, Boyes, Campbell, Carmichael, Coote, Donnelly, Hay, Loucks, Lucas, McGillis, McMillan, Motherwell, Mullins, Myers, Perley, Pickel, Porteous, Senn, Shaver, Simpson, Spotton, Sproule, Stirling, Thompson, Totzke, Tummon, Vallance, Young.

The committee took under consideration the draft report presented by the subcommittee.

The said report was adopted in part and several amendments thereto adopted. Mr. Totzke proposed an additional paragraph to the report in respect to the wheat situation. This was left in abeyance till the next meeting.

At eleven o'clock the committee rose and reported progress, to meet again on Wednesday, July 29th, at 10 o'clock a.m.

A. A. FRASER,

Clerk of the Committee.

HOUSE OF COMMONS,

WEDNESDAY, July 29, 1931.

The meeting came to order at 10 o'clock a.m., Mr. Senn presiding.

Members present: Messrs. Barber, Bertrand, Blair, Bowen, Boyes, Brown, Campbell, Carmichael, Cayley, Coote, Donnelly, Dupuis, Garland, Hay, Jones, Loucks, Lucas, McGillis, McMillan, Moore, Motherwell, Mullins, Myers, Perley, Pickel, Porteous, Rowe, Senn, Shaver, Simpson, Spotton, Sproule, Stewart (*Edmonton West*), Stirling, Thompson, Totzke, Tummon, Vallance, Weir (*Melfort*), Weir (*Macdonald*), Young.

The draft report which was under consideration at the previous meeting was again taken under consideration.

The amendment to the report moved by Mr. Totzke was given consideration. After discussion the chairman ruled that the introduction to the final recommendations of the said report, were beyond the scope of the reference and out of order.

Upon motion of Mr. Tummon the proposed amendment of Mr. Totzke was amended to conform with the scope of the order of reference and was carried as amended.

On motion by Mr. Coote certain amendments to the draft report were adopted.

The report as amended was adopted and the chairman instructed to report the same to the House.

The committee adjourned sine die.

A. A. FRASER,
Clerk of the Committee.

SELECT STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

HOUSE OF COMMONS,

WEDNESDAY, July 29, 1931.

FOURTH REPORT

The Select Standing Committee on Agriculture and Colonization begs leave to submit its Fourth Report as follows:—

Your Committee has had under consideration an Order of Reference dated May 28, 1931, namely:—

Resolved, Whereas the marketing of Canadian farm products of all descriptions is a matter of very major importance.

Therefore be it ordered by this House that the Committee on Agriculture and Colonization do proceed with an investigation into methods of handling and marketing agricultural products of all kinds and that they be given authority to call such witnesses to this end as may seem to them necessary and report from time to time, and that the Committee be granted leave to print 1,000 copies (English) and 300 copies (French) of each proceeding and of the evidence to be taken by it, together with such papers and documents as may be incorporated with such evidence for the use of the Committee and for the use of the Members of the House and that Standing Order 64 be suspended in relation thereto.

Attest.

(Sgd.) ARTHUR BEAUCHESNE,
Clerk of the House.

At the first meeting of the Committee held for this purpose, the Honourable Mr. Weir, Minister of Agriculture, made a brief statement outlining his reasons for making the reference, and the course which he thought the Committee should follow.

Your Committee has called and examined the following named witnesses:—

W. A. Brown, Chief of Poultry Division, Department of Agriculture.

A. W. Ault, Egg and Poultry Division, Department of Agriculture.

W. L. Brown, Member of the firm of William Brown Company, Cattle Importers, Manchester, England.

A. A. MacMillan, Chief of Sheep and Swine Division, Department of Agriculture.

S. E. Todd, Secretary of the Industrial and Development Council of Canada Meat Packers.

W. A. Amos, President, United Farmers' Co-Operative Ltd.

W. West, Egg Dealer, Almonte, Ontario.

Jas. C. Richardson, Grain Merchant, Member of the Winnipeg Grain Exchange.

Sydney T. Smith, Representative of the Winnipeg Grain Exchange.

Andrew Cairns, Representative of Canadian Wheat Pool.

The Agricultural Products more particularly studied included Eggs, Pork and Pork Products, Beef and Beef Cattle, and Exportable Wheat.

With respect to the production, grading and marketing of eggs, your Committee was fully informed by witnesses, W. A. Brown, Chief of the Poultry Division, and A. W. Ault, both of the Department of Agriculture, and also heard representations by witness W. West, an egg dealer of Almont, Ontario.

Departmental regulations governing the grading and marketing of eggs were carefully and fully examined and explained and the activities of the department officials charged with the enforcement thereof, fully gone into. The Committee was informed that the Federal Government jurisdiction in this respect extended only to interprovincial and import and export trade, and that enabling legislation by the several provinces was necessary to the enforcement of such regulations. The position in this respect is that all of the provinces with the exception of Ontario and Quebec, have passed the necessary legislation to make enforceable the regulations promulgated in 1929. The regulations of 1924 are enforceable in the Province of Ontario.

Notwithstanding the absence of authority to enforce the regulations of 1929 in Ontario and Quebec, the Department Officials find that voluntary co-operation by the trade is increasing from year to year.

Your Committee is of the opinion that the principle of marketing poultry and eggs on a graded standard is in the interest of the producer, dealer and consumer, and recommends that every effort be made to insure the least possible difficulty in the handling, grading and marketing of poultry products, and to guarantee the greatest possible return to the producer.

The Committee was fortunate in having appear before it, Mr. W. L. Brown, a member of the firm of William Brown & Company, Manchester, England, buyers and importers of beef cattle. Mr. Brown gave a comprehensive statement of the conditions obtaining in the British market, the competition met and to be met by Canadian cattle, and the desirable class of beef cattle required by the British market. Mr. W. A. Amos, President of the United Farmers' Co-Operative Limited, also gave the Committee valuable evidence.

The Committee is of the opinion that an export trade of increasing volume and value in beef cattle is open to this country dependent on the following conditions:—

- (a) Careful breeding, feeding, selection and conditioning of Canadian cattle.
- (b) Adequate shipping space.
- (c) Reasonable transportation rates, both rail and ocean.
- (d) A continuous and sufficient volume of available shipments the year round irrespective of the fluctuation in the market prices.

The Committee therefore recommends that the foregoing conditions should be carefully and fully studied by the Government with a view to bringing the same into effect.

Your Committee went very thoroughly into the subject of hog production, breeding and marketing in relation to the requirements of the domestic market and the export trade.

Mr. A. A. MacMillan, Chief of the Swine Division of the Department of Agriculture, Mr. Todd of the Canadian Packers and Mr. W. A. Amos, President of the United Farmers' Co-Operative, Limited, gave valuable evidence in this respect. The Committee held an informal meeting at the plant of Canada Packers, Limited, where, under the direction of Mr. Todd, a demonstration of the grading of live hogs was given, and an exhibit of dressed hogs of the several government grades was shown. Also cuts were made showing Wiltshire sides and the domestic cuts. This demonstration was exceedingly instructive.

The Government hog regulations, their intent, effect, and application were fully considered and your Committee is of the opinion that:—

Every effort should be made to improve the present system of grading so as to secure the least possible difficulty in the handling and marketing of same, and to insure the greatest possible return to the producer. In this regard we commend the Department of Agriculture in the experiments which are being conducted by way of comparison of grading on the hoof and grading on the rail.

Your Committee has also given consideration to the wheat situation.

Representatives of the Winnipeg Grain Exchange and the Canadian Wheat Pools, upon invitation, appeared before the Committee and expressed their views of the situation. Suggestions for the marketing of the carry-over wheat and of the export crop of 1931 were advanced. Reference was made to the negotiations now proceeding between the Pools, the Banks, the Western Provinces and the Federal Government.

In view of the evidence given before the Committee, it is recommended that the Government take whatever steps it may deem necessary to prevent a drastic decline in the price paid to producers of wheat, especially during the Fall months when the bulk of the crop is being marketed.

Your Committee commends the experimental work carried on by the Department of Agriculture and particularly urges the continuance of efforts to inquire into and to disseminate information to the farmers in respect to:—

- (a) The causes of and remedy for soil drifting, especially on the open prairie;
- (b) Precautions to take in seeding down to grass or clover, or the planting of trees and hedges or other means;
- (c) Any other matter pertaining to or allied with the livestock and livestock products industry in any part of Canada.

The important question of how to get the producer the maximum returns for his produce and the relation of the spread between producer and consumer was given careful study by your Committee.

It is recommended that the Department of Agriculture should take whatever steps be deemed most efficient to obtain all available information on factors determining the spread between what the producer receives and what the consumer pays.

Your Committee submits herewith its minutes of proceedings and evidence as an appendix to this report, and recommends that the said minutes and report be printed as an appendix to the Journals of the House.

SESSION 1931

HOUSE OF COMMONS

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

1931

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

TUESDAY, JUNE 9, 1931

Order of Reference,—Re Handling and Marketing Agricultural Products.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1931



MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

TUESDAY, June 9, 1931.

The meeting came to order at 11 o'clock a.m. Mr. Senn presiding.

Members present: Messrs. Bertrand, Blair, Bouchard, Brown, Campbell, Carmichael, Cayley, Coote, Donnelly, Duguay, Loucks, Lucas, McKenzie, McMillan, Motherwell, Mullins, Myers, Perley, Pickel, Porteous, Senn, Shaver, Simpson, Stewart (*Lethbridge*), Stirling, Swanson, Taylor, Totzke, Tummon, Vallance, Weir (*Melfort*), Young.

The Chairman read the Order of Reference of May 28, 1931, viz:

THURSDAY, May 28, 1931.

Resolved, Whereas the marketing of Canadian farm products of all descriptions is a matter of very major importance.

Therefore be it ordered by this House that the Committee on Agriculture and Colonization do proceed with an investigation into methods of handling and marketing agricultural products of all kinds and that they be given authority to call such witnesses to this end as may seem to them necessary and report from time to time, and that the Committee be granted leave to print 1,000 copies (English) and 300 copies (French) of each proceeding and of the evidence to be taken by it, together with such papers and documents as may be incorporated with such evidence for the use of the Committee and for the use of the Members of the House and that Standing Order 64 be suspended in relation thereto.

Attest.

(Sgd.) ARTHUR BEAUCHESNE,

Clerk of the House.

The Hon. Mr. Weir, Minister of Agriculture, Dr. Grisdale, Deputy Minister and Officers of the Department were in attendance.

The Hon. Mr. Weir being called on addressed the committee suggesting some of the matters that might profitably be investigated.

W. A. Brown, Chief of the Poultry Division of the Department of Agriculture addressed the committee on the subject of handling and marketing poultry and eggs.

Mr. Brown to file a statement of the spread of costs between producer and consumer of eggs.

Mr. MacMillan, Chief of the Sheep and Hogs Division of the Department of Agriculture to attend and address the committee at the next meeting.

The meeting adjourned at the call of the Chair.

A. A. FRASER,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

JUNE 9, 1931.

The Select Standing Committee on Agriculture and Colonization met at 11.00 a.m. to consider Order of Reference, of May 28 respecting the marketing and handling of agricultural products, the Chairman, Mr. Senn presiding.

The CHAIRMAN: First of all I will read to the committee the order of reference covering the business we are to deal with this morning. It was moved in the House of Commons by Mr. Weir some days ago:—

Whereas the marketing of Canadian farm products of all descriptions is a matter of major importance, therefore be it ordered by this House that the Committee on Agriculture and Colonization do proceed with an investigation into methods of handling and marketing agricultural products of all kinds, and that they be given authority to call such witnesses to this end as may seem to them necessary, and report from time to time; and that the committee be granted leave to print a thousand copies in English and three hundred copies in French of each proceeding and of the evidence to be taken by it together with such papers and documents as may be incorporated with such evidence for the use of the Committee, and for the use of the members of the House, and that Standing Order 64 be suspended in relation thereto.

Gentlemen, we have with us this morning Mr. Weir, the Minister of Agriculture. I understand that he has to leave shortly for a council meeting, so he will speak to you first. Dr. Grisdale is also present as are Mr. Brown and Mr. MacMillan of the Department of Agriculture.

Hon. Mr. WEIR: In the first place, I think we all agree on this, that the fundamental aim of the committee is to see if we can make it possible for the producer to get more value in proportion to what the consumer pays than he is getting at the present time. There are two methods which I might term roughly, marketing by the so-called private interests and co-operative marketing. We realize to a certain extent some of the weaknesses of the one, perhaps, and the dangers of the other. Personally, I think it is a good thing for us to have both systems—if we call them by that name, at the present time—both the co-operative system and the private interests system. I do not think this committee could do any better work than bring in recommendations that would be helpful to the Department of Agriculture as to how we might control this matter. I have definite ideas of my own in that respect, but I am going to avoid as far as I can this morning giving you my own thoughts in regard to these matters, because I want the committee to be free to attack these problems without any prejudice or any direction along certain lines. I would say this, however, that I feel we should have a committee which would be representative of the private interests', distributors, the co-operative interests, and the producer which would meet from time to time to discuss the various possibilities of marketing and the best way for the farmers to put their produce on the market to avoid, as far as possible, interests buying at a bottom price and holding for a certain time, and then, so to speak, holding up the consumer by exploitation without the producer getting the fair proportionate value that he is entitled to.

In studying the market of agricultural products we run into a lot of practical difficulties which are somewhat similar, no matter what the product is, and which, I think, force us all to this conclusion that what is needed is more education for the producers as to what they should produce, and as to when it should be prepared to go on the market. For example, there is the case of live stock for which our best market is in the Old Country. Some of the cattle we have sold there I understand net back to the producer in Ontario over seven cents a pound, and in the west six and a half cents a pound, while the same cattle, if there was no outlet for them—and we regret there is not as much of an outlet as we would like—would only bring in the west in the neighborhood of four and a half cents a pound. Now, we feel that we should like the lowest freight rate that we can get. We feel that the steamship companies should put some boats at the disposal of the live stock men in Canada to carry this live stock to the Old Land. Here is one of their objections and one of our difficulties. We realize that we cannot expect them to put boats at our disposal just for an operation of two months. It is expensive for them to fit the boats up and to turn them from certain trade channels to a trade channel from Canada to the Old Country to carry cattle. I think that we all realize that if we want our cattle carried at the cheapest rate from this market to the Old Country market the supply must be so distributed as to make it possible for steamships to operate their boats for the longest possible period of time. I give you that just as an illustration of what I feel is essential on the part of our producers, in the way of an educational program to show them the difficulties that men who handle their products are confronted with in order to dispose of them at a minimum cost. Problems such as that you can discuss. I feel that what we must have is a man who is an expert on marketing; not an authority on co-operative marketing so much as a man without prejudice or bias who will study the whole problem of marketing and give to private interests and co-operative interests alike the benefit of any information he may be able to get. I had thought in this connection that our agricultural colleges should pay more attention to the subject of marketing. You realize that education is the work of the provinces and, therefore, I feel that we should add something to that—something which might be called a treat or a luxury, or something on top of their regular work—by bringing one or two of the best authorities from different countries at the expense of the Federal Government, and allowing them to go through the different colleges and give special lectures there. I feel that probably one of the most important factors in this whole matter is that of education. I was surprised to learn that in the Old Country they have not chairs on marketing even in their most advanced agricultural colleges. They seem to rely almost entirely on their wholesale cooperative associations, but these wholesale co-operative associations are not agricultural. They had agricultural cooperative associations—they have some at the present time in the Old Land—but they were at variance, at least the wholesale cooperatives were more at variance with the agricultural cooperative associations, and the agricultural cooperative associations have not been so successful in their business enterprises as have the wholesale cooperatives. However, the wholesale cooperatives are now changing their attitude towards this whole question, and they are fostering agricultural associations. Personally, I feel, due to the success of wholesale cooperatives in the Old Land, that one of the best things we could do is to get one of their best experts to come to this country for a period of time and give us the benefit of his experience. There is one objection to that: although they might be thoroughly versed with cooperative marketing in the Old Country, they will not have the Canadian viewpoint, so it is a question whether he would be better advised to have one of those men come here or to have an outstanding Canadian go over to the Old Land and make a thorough study of their cooperative marketing and other methods of marketing. Our

representative might also visit Denmark and the United States, and come back to this country and give our agricultural colleges, farm organizations, cooperative organizations and so on, the benefit of what he has learned. In general that is the object I had in mind when moving this resolution.

Now, to come down to a more practical consideration of the problem, I thought we should first take up the marketing of dairy products, bacon products and poultry products, because they are the most universal throughout the Dominion. In the first place let us consider the marketing of our poultry products. Great advance has been made we believe in the past few years with respect to putting our poultry products on the market in the best possible way by a system of grading. Now, there is a great deal of objection from different sources even to this grading as it is being done at the present time. Some claim that it costs too much to grade the eggs and pack them. I believe it costs around four cents at the present time. Perhaps I am wrong in that statement. But, whatever the cost is that takes so much off the bottom, the wholesaler and retailer takes so much off the top, and the producer comes in between, and the tendency is that his margin is very slight. I have asked Mr. Brown to come before you this morning in this connection. He is, I believe, our best authority in connection with poultry grading—the grading of poultry products of various kinds. He will explain to you how it is done, and what it costs. You may then ask him any questions that you wish regarding the difficulties that you see in the way of it being the success we would like it to be. After Mr. Brown, we will have Mr. MacMillan who is in charge of the sheep and swine division and he will explain to you the method of hog grading and the cost of hog grading; and he will be glad to receive suggestions from you as to improvements along that line or to answer any criticisms or objections you may have to the way in which that grading is done. There are some who feel that there should be no hog grading; that the expense incurred is not warranted. There are some of those here to-day. There are others who feel that the margin should be greater between the slack bacon that we will have to rely on to get the Old Country market and the butcher or larger type of hogs. There are others who feel that the grading should be done on the rail rather than in the yards. These questions Mr. MacMillan will be glad to discuss with you and answer them if he is able to. So, for the beginning I would recommend that you discuss the marketing of poultry products, and secondly that you discuss the marketing of bacon products, and third, the marketing of dairy products.

The CHAIRMAN: Now, gentlemen, we have heard what the Minister has had to say. What is the pleasure of the committee: shall we call Mr. Brown?

Mr. GARLAND: Might I suggest that whilst I thoroughly agree with the Minister as to the importance of the subjects in regard to agriculture which he has mentioned, I am, I think, a little disappointed that he has not approached the question of wheat marketing. Possibly he has that in his mind.

Hon. Mr. WEIR: Absolutely. I thought I made that clear, Mr. Garland. My idea was that we would take these subjects up first because they are of more universal application and I thought they could be dealt with more expeditiously than the wheat. I do not know whether it would be in order for me to suggest it or not, but I had in mind certain additional people that we should call into consultation on the subjects of poultry, bacon and dairying. In regard to poultry, I would suggest the President of the Canadian Poultry Pool, Mr. Landreth, with headquarters at Winnipeg. As to packing men, I would suggest people from both the large packing associations and the private concerns. Also, in connection with bacon I would suggest that you would call in one of the outstanding men in the Canadian Packers—I think Mr. Silcox is the name—of Montreal. Perhaps the representative from Snyders; Mr. Morrison from Dumarts; and the heads of the various co-operative bacon associations in

Ontario. It might be well to call in some commission men dealing in live stock. I would also suggest Mr. McKay, head of the Canadian Live Stock Association, and Mr. Arkell, and representatives of some of the larger packing concerns in live stock.

Mr. VALLANCE: Some of the members do not know who Mr. Brown is. The question has been asked me.

The CHAIRMAN: Mr. Brown is at the head of the Egg and Poultry Division of the Department of Agriculture.

Mr. BROWN called.

Mr. BROWN: Mr. Chairman and gentlemen, the egg trade improvement campaign was started in 1912, first with an inquiry into the quality of eggs then being marketed, the results of that inquiry being found in Bulletin 16 of the Live Stock Branch series. It showed not only a regrettably high percentage of eggs going into consumptive channels that were absolutely unfit for food, but a large percentage of lower grades, little better than bad eggs. The first steps taken were purely voluntary, an attempt being made to get the buyers of eggs generally throughout Canada to agree not to pay for bad eggs. It worked fairly well while the market was flush with product, but the agreement did not last long when the market became bare.

A good deal of agitation was created with respect to bad egg legislation. Most of the States in the Union had it. It was not done in Canada except in part by the Food Board, one reason being that after some time we learned in demonstrations, exhibitions and elsewhere, that we were not getting anywhere, at least, with the consuming public, by showing them and talking to them about bad eggs. What they wanted to know was how to get good eggs, and from that time on there has been a radical change. In January, 1915, the first standards for good eggs were drawn up, and three years later those were adopted as legal standards for Canada under the Live Stock and Live Stock Products Act. At that time regulations were introduced requiring eggs for export in lots of twenty-five cases or more, and car lot movements between provinces to be graded according to those standards, and cases marked according to the standards and inspected at the point of shipment before being shipped. The reason for the export development was the fact that during the war Canadian eggs held in transit for the Old Country were arriving in a serious condition, and the primary idea as regards certification in this project was to give the British buyer a guarantee as to the quality of the product before it left Canada. In that movement we were strongly supported by the various food buying commissions in Canada at that time.

The next step was in 1921. We were exporting quite heavily. We did not have a surplus in Canada; every egg we shipped out had to be replaced with an egg from the United States. We were shipping only first and extras to the Old Country. The Seconds were left at home. Spot purchase in Chicago, however, were no better than Canadian seconds, and when those eggs come in from the States to Canada they simply added that much more to the quantity of low grades with resultant depreciation in consumption.

After considerable agitation, approval was obtained to apply the standards to imports. This was in 1921 and 1922. The import requirements were then added to the regulations to require that all eggs coming into Canada for consumptive purposes, if not graded according to the Canadian standard before they came here, not to be released until they were graded and inspected. That put the damper on the low-grade product coming in. Seconds are always hard to move into straight consumer channels. Canadian buyers, therefore, sent to the United States to find the best eggs they had, and for a number of

years now practically all the eggs that have come into Canada from the United States have been of the higher grades—not as high as we would like them to be at times, because they haven't them, but higher as compared to what they used to be. They have come in from the co-operative associations of the Central West and the Pacific Coast. The imports we have had for the last few years, with very few exceptions, have come in at times when we were short, and of a quality to maintain our consumer demand. If this principle was good for export and good for import, it was felt that it might be good for the home.

In 1923 amendments were included in the regulations to require that the standards be extended to include trading. Then troubles began. Someone discovered that such legislation on the part of the Federal Government was ultra vires of the Dominion Government. Two courses were open: either to carry it to the Privy Council or to secure enabling legislation from the provinces. The latter course was followed and by 1926 or 1927 every province in Canada had passed the necessary Acts, enabling legislation, providing that these standards were effective within their respective limits. In a national way this action on the part of the provinces is one of the real achievements in a constitutional way in Canada since Confederation.

The results of this development have been good. Producers in Canada have enjoyed some of the highest prices available to producers anywhere in the world. Our consumption has gone ahead by leaps and bounds and our production likewise. In a word, the primary motive behind this whole activity can be crystallized in the fact that the consumers' preference for quality functioning confidently through the medium of national standards is the true guide not only to profitable production but to profitable trading as well.

Two lines of thought have been always uppermost in our minds with respect to grading first, to make the product its own best advertisement; have it recognized and appreciated for what it is; create consumer satisfaction with the product and build up the home market and markets elsewhere on that basis: second, to carry back to the producer the premium that the consumer has shown his willingness to pay as the best appreciated and the most understood incentive for improved production methods. Any of you who have appeared before farmer's gatherings must realize how futile is educational effort in agriculture unless it has a bearing on how to make or save money.

The application of the first part is not so difficult; you have your standards of quality. There is the definition, there is the product; either it is or is not as represented. There is a problem, it is true, in carrying the full measure of one hundred per cent application to all the smaller towns and villages in Canada. Concentration naturally has taken place in the larger centres of population.

With respect to the second part, however, we are still in somewhat of a quandary—the carrying back of the graded return to the producer, the making sure that the premium which the consumer pays will be carried back to the farmer. This is not a matter of grading the product as against a definition; it is largely a matter of checking the apportionment of moneys and accountancy, and just as in all matters of accountancy, discrepancies may creep in. A problem which this committee may well consider is to how to ensure that the producer, through the various trade channels, will secure the premium which the quality of his goods warrants. The regulations have been progressively amended in that respect. In eggs we have probably gone further than almost anyone else. As yet by no means 100 per cent efficiency has been attained; further amendments are still necessary. Even then it will always be necessary to face the problem of detective inspection as affecting accountancy in the return of monies to producers.

We feel like this about co-operatives, that the standardization of the product in Canada has largely made the co-operatives possible, and, secondly, that the co-operatives with their first and foremost desire to get the most for their

membership, afford some of the best means of carrying out the principle of graded return underlying the regulations. The bright spot on the horizon of the egg and poultry business-man in Canada is that the individual members in the produce trade in the West, in the Maritimes, not so much in Ontario and Quebec yet, in British Columbia, in the whole of Canada except Ontario and Quebec, are seeing the light and the utility of getting back to the producer the premium for good goods, all of which help to make business bigger and better for themselves and the industry as a whole. The objective underlying the whole work from the first has been bigger and better business for all concerned, and that, gentlemen, has been the test to which every proposed amendment in the regulations has been put whether it be with the producer, country merchant, collector, wholesaler or retailer. We have tried to show that what was proposed in a regulatory way would mean bigger and better business for every legitimate agency in the trade.

A word or two about poultry. It takes longer to get together definitions for dressed poultry than it did with eggs. The principle is the same. The poultry from western Canada and from the Maritime Provinces moving to the central markets for the last two years, and last year particularly, had mostly moved according to Canadian standards and under inspection certificates furnished at the point of shipment. Inspections were made last year at over three hundred points in western Canada. The problem yet to be faced is to get the individual bird as to quality identified through to the consumer. Very definite steps have been taken in that direction. Last year a considerable proportion of the poultry moving was identified by individual tag as to grade right from the point of grading, into the boxes, and on to the consumer.

This type of metal tag used last year is not the most satisfactory. These are the different designs in tags which are being used by different firms: red for A, blue for B, another colour for C, and purple for special. This latest tag is one that will fasten on the breast just below the point of the keel. This tag has a metal base which pinches the skin and is held in place. We like to use different colours with different grades, and in that way establish the consumers' preference.

The finest demonstration of cooperation in Canada at the present time is probably in the Province of Manitoba and Saskatchewan as evidenced in the dressed poultry shipments in the fall of the year. It is the practice of the local associations, the membership of the cooperatives in the provinces mentioned, to feed, kill and dress their own poultry at home, bring it in to the point of grading. The poultry is graded before the farmer's eyes, it is packed in proper sized boxes, and the inspector sees every case of poultry that is packed. He passes it or discards it. There is 100 per cent inspection in connection with carlot inspection in the West. Everyone turns in and helps pack the poultry and load it on the cars. It passes into circulation in Canada without any further expense attached to it in the way other than the cost of transportation, the cost of the package and salesmanship. The farmers, by their own labour at a quiet time of the year, have put up such a finished product that if you go down to a warehouse in Ottawa, in Toronto or in Montreal in the fall of the year you will find a car from Deloraine or Yorkton with a single box from each grade opened up and the whole car sold on the basis of sample. That is what has transpired in the development of poultry from western Canada and in the Maritimes directly as the result of improved efforts in the application of the standards and cooperation and it has meant many hundred thousand dollars to the producers of Canada through the utilization of these facilities. Now, the big problem in dressed poultry is in Ontario and Quebec.

Hon. Mr. MOTHERWELL: Are those grades compulsory?

Mr. BROWN: No, they are purely voluntary.

Hon. Mr. MOTHERWELL: When were they established?

Mr. BROWN: Three years ago. They have been two years in operation.

Hon. Mr. MOTHERWELL: They are not compulsory. I suppose some day you look forward to making them compulsory?

Mr. BROWN: The suggestion is that first they be made compulsory for export, but there is only one export shipment gone forward this year, that has not been graded according to standard. The problem is in Ontario and Quebec where the great bulk of dressed poultry moves in the consumer channels direct from the producer to the consumer, or through one retailer without any particular effort being made at finishing, and with no possibility of assembling at a central point and allocating the birds to their respective grades. The consequent lack of finish and perfection in dressing leaves the product anything but appetizing and appealing. Take the whole area from Peterboro west to Windsor, or take the rural sections of Quebec, there is not much poultry moved to the central markets; it is all locally consumed. People are not eating so much poultry in their homes at the present time, not nearly so much as they would like or as they would if they could get the quality they desire.

Poultry prices have kept up well this year, it was surprising the comparatively small offerings made before Christmas last year. This was due to two things: first, the gradual marketing of that product from September onward, and secondly, the amount of poultry that was consumed at home on the farms. Much poultry was consumed at home. As yet but few producers realize the opportunities for improved returns through the proper finishing of their poultry. The average chicken off the farm grades about select "B". If well grown and with three weeks proper feeding it should grade Milkfed "A" and this means an increased return of anywhere from 50 to 75 cents per bird.

Now, gentlemen, that is a brief review of the egg and poultry grading work. I have not gone into the market situation or the export outlook.

The CHAIRMAN: Perhaps you could give the committee some idea of the machinery in egg-grading?

Mr. PICKEL: I would like to ask for details. I appreciate what Mr. Brown says about poultry grading, but what about the egg business? In my section it has got so that people send just as few eggs as possible to the city. It just puts every grade of eggs into the hands of the commission man, and he pays what he pleases. I will give you one particular instance. We have a good poultry man in my section. During, after or immediately up until the egg grading Act came into force, he kept a large flock of hens—fifteen hundred or two thousand—and he made money. After the egg grading Act came into force he began to see that his income was dropping, and he began to test out an idea he had. He knew how to grade, and he would send a crate of extra eggs into the city of Montreal and he would get a blanket grade back—so many extras, so many firsts, so many cracked, so many leaking, and so many rotten. Then he would send a crate of eggs of inferior quality and he would get just as good a grade as on the other. That man is ready to give evidence under oath. Now, I would like to know how that is done. That is not performed in front of the poultryman at all. I appreciate what you say about it being very satisfactory to have poultry grading done in front of the farmer. He must be satisfied, he sees it done; but the egg grading business is simply a farce as far as our people are concerned. Anyway we have come to the conclusion in our section that whenever the government steps in with the best intentions of helping the farmer in the grading of his eggs, the result has been a detriment; and in cheese and butter—

Mr. BROWN: Mr. Chairman, taking the instance of a specific producer such as the gentleman has mentioned, who he claims is a competent grader, that man can and does his own grading. Our experience is that it is simply lack of salesmanship if he does not realize a good price, because there are thousands of producers just like him throughout the country who to-day are having their grades accepted on the central markets by virtue of their ability to grade.

Mr. PICKEL: I would like to have you tell us how this grading is done in the city? Are all those cases examined; are they all looked into and are they all graded?

Mr. BROWN: Yes, I would say that there are very few eggs moving into consumption in the larger centres to-day that are not candled and graded.

Mr. PICKEL: How many centres have you in Montreal?

Mr. BROWN: The Department does no grading. All grading in eggs is done by the trade.

Mr. PICKEL: How many inspectors have you?

Mr. BROWN: Forty-nine in Canada.

Mr. SHAVER: How many in Montreal?

Mr. BROWN: Five.

Mr. PICKEL: That in reality puts the inspection into the hands of the commission men.

Mr. BROWN: There is in Montreal available for all shippers who wish it a neutral egg grading station. It is located in the cold storage of the Harbour Commission where each lot sent in at that grading station is graded by a competent grader then a sample is drawn and passed upon by an inspector.

Mr. COOTE: What would that cost?

Mr. BROWN: Two cents. One and a half cents for the grading and a half cent for delivery to the city.

Mr. GARLAND: Is that a dozen or a crate?

Mr. BROWN: A dozen. The grading station at the Harbour Cold Storage candles and grades, makes out the return, and attends to the delivery. Supposing a producer wants to ship to a retailer, the grading station delivers the eggs, say, to 4826 Notre Dame Street. That is part of the charge of two cents.

Mr. PICKEL: It seems to me that with all due respect to the integrity and honesty of the commission man that it would be better if we had some way of having our eggs graded neutrally. There is a feeling throughout the country that when you send your eggs to the city, the commission man pays just what he pleases. There is no question about that. There is great dissatisfaction in that respect. It should be amended in some way. I don't know how.

Mr. GARLAND: Is not the only solution cooperative control by the producer?

Mr. PICKEL: Possibly, where he can see his own grading. But as to a poultry man sending his crate of eggs into a commission man in the city of Montreal, and letting that commission man grade them, it has got so that it is a perfect farce with us, absolutely.

Mr. BROWN: As you are aware, cooperative development has never assumed any great proportions in Ontario and Quebec. The bulk of the eggs in British Columbia, a large part of them on the Prairies, and the great bulk from the Maritime Provinces to-day move to consumer channels from the producer's own cooperatives. Hundreds of cars. The development in the west at the present time is largely due to the people not only doing the grading of their own product but due to the proper selling of it. We try to help cooperatives

everywhere; but if you go into many districts in the east you find that the individualism of the individual is a damper against any cooperative effort. In the west it is a case of those being helped who help themselves.

AN HON. MEMBER: I understand that the grading station is at the disposal of every individual who wants to ship to Montreal?

MR. BROWN: Yes. Any farmer or country shipper with one case or more.

AN HON. MEMBER: I suppose that the shipper of eggs could very easily arrange with some grocer or some retailer that his eggs are passed by the grading station and delivered to the retailer?

MR. BROWN: Yes.

MR. PICKEL: When a shipper began to do that sort of thing they would simply notify them that he need not ship any more eggs.

MR. COOTE: Has it been made known to the egg producers that that service is available?

MR. BROWN: Oh, yes, before anything was done shippers were circularized widely in eastern Ontario and in Quebec, their advice was requested on the practicability of the suggestion. It was fully endorsed. Those people know full well that that service exists to-day.

MR. DONNELLY: Have you the same thing in Saskatchewan?

MR. BROWN: There used to be at Saskatoon and Regina.

MR. DONNELLY: They have independent graders in Saskatoon and Regina?

MR. BROWN: Grading stations there are not as large as they were two or three years ago, for the reason that at that time and previously the bulk of the product in the west was passing into the market through the wholesale grocer. He did not want to go into the egg business, so they got together and arranged for neutral grading depots, but in the west since the advent of co-operative marketing the cooperatives are getting the bulk of the poultry and eggs—eggs particularly.

MR. DONNELLY: With the grading of poultry in Saskatchewan, they sent a man out, before they shipped the carloads from one of those little villages, to teach the farmers how to dress the poultry. Do you know whether it has been a great benefit to them?

MR. BROWN: This has been systematically done.

AN HON. MEMBER: It is done in Manitoba too?

MR. BROWN: Yes.

MR. TUMMON: The Minister made a statement that the grading of eggs costs eight cents. That statement seemed to me to be almost impossible?

MR. BROWN: No. Four to five cents.

MR. PICKEL: Four cents for what?

MR. BROWN: A dozen.

MR. PICKEL: For grading?

MR. BROWN: That includes a new case, grading, transporting to the grading station, salesmanship and all overhead. The grading costs about a cent. They pay their candlers twenty-five cents a case.

MR. TUMMON: You say the cost is four cents? Does the result of the grading increase the price by a total of four cents? You mentioned four cents. What does the four cents include. I am trying to get at what that cost would be over and above, if it were not graded.

MR. BROWN: Oh, about a cent a dozen, because the four cents includes freight in from the farmer to the station, the case and the fillers, the rental of premises, the salesmanship, accounting, &c.

Mr. TUMMON: But after all is said and done, the grading does not add four cents. Take the cost of transportation to Montreal.

Mr. BROWN: The grading only adds a cent.

Mr. PICKEL: The graders in Montreal—are they in the employ of the commission men?

Mr. BROWN: Yes.

Mr. COOTE: I may say that this grading question is very interesting, but the committee is authorized to deal with the question of marketing, and in western Canada eggs are bringing only four cents a dozen to the producers. At the present time some of the producers are not able to get that, and as one woman said to me in a communication I had the other day, four cents a dozen will hardly pay for the wear and tear on the hens. This committee, if it can do any good at all, should deal with the price situation. I had a letter this morning from a man in Edmonton who said that he had been told by different farmers that they are feeding their eggs to the calves. I was shown a letter which was received by the member for Peace River which contained the statement that many cases of eggs were being fed to the pigs. There is no use that I can see in the Department of Agriculture encouraging the production of eggs or the grading of them if all the producer can get for his eggs is four cents a dozen. Now, can this committee deal with this situation, and has Mr. Brown, because of his experience in the department, any suggestion to make to the committee which will have the effect of raising the price which the producers of eggs will receive?

Mr. PICKEL: Have we any eggs in cold storage?

The CHAIRMAN: The reference to the committee not only mentions marketing but also handling and I suppose this properly comes under handling. Has Mr. Brown anything further to say?

Mr. SHAVER: I would like to ask what effect this has had on the producers of eggs—whether the grading has tended to make the producers produce a better quality of eggs and get them on the market in a better condition?

Mr. BROWN: Yes it has. The quality of eggs throughout Canada has steadily improved ever since grading started. Even this year—

Hon. Mr. MOTHERWELL: The increased consumption demonstrates that.

Mr. VALLANCE: Has the price increased according to the improvement in the eggs? That is the important point. Does it improve the return to the producer or has it done that so far?

Mr. BROWN: With the exception of this year the price to producers has been well maintained and increased at times ever since the war. We have not as high prices as we had during the war and our prices in eggs have been well maintained. Producers in Canada have enjoyed some of the highest prices received by producers of any country in the world. Statistically, last fall, our market was strong, but the winter upset all calculations. Only once before was there ever a car of fresh eggs out of Alberta in January. Last year there were twenty-nine cars, and in the case of other provinces the same thing occurred. The consciousness of remuneration in poultry has only begun to come home to the western farmers in the last two years. We look forward in the West to a steady increase in egg production—aside from the phenomenal production last winter. For instance, it is not so much the winter that gave us this year 108 cars of eggs from Saskatchewan, Manitoba and Alberta, over March and April a year ago. This increase in production is what has put us on an export basis; and even yet our prices in Canada compare very favourably with anything in the United States. I have Chicago prices and Canadian prices, and would be glad to give them.

The CHAIRMAN: Perhaps it would be well to put them on record.

Mr. BROWN: I would like you to say a little about the export situation.

Hon. Mr. MOTHERWELL: How is the quantity production maintaining itself this year?

Mr. BROWN: It is away ahead. Inspections are up forty per cent on the Prairies. British Columbia has shown a little falling off. In Ontario there was some liquidation of laying stock in January, but Ontario is showing, in number of producing hens, over fifty per cent increase in the last ten years.

Mr. BOWMAN: The eggs that are purchased in the country stores in Manitoba and Saskatchewan at four or five cents a dozen, are they of average grade?

Mr. BROWN: Four to five cents would bring them to the point of carlot loading.

Mr. VALLANCE: What is the price in Winnipeg?

The CHAIRMAN: You are going to put that comparison of prices in?

Mr. BROWN: Yes.

An Hon. MEMBER: Cannot we take twenty-one cents as the high price and trace back as to what should be a reasonable price the producer should get—taking off the freight and other charges.

Mr. DONNELLY: What percentages do you take off for breakages in shipping of number one eggs? When they come in to the wholesaler there is always a lot of breakages?

Mr. BROWN: The producer is paid for cracked eggs. The amount of breakage varies widely under different collection conditions.

Mr. DONNELLY: I know a first-class candler who has candled for four or five years, and he candles them and puts them into cases and sends them into cold storage; he figures that twenty-five per cent will be taken off. He says he is being gipped all the time by the cold storage. Have you any idea of any way that those eggs could be delivered to the consumer at a lower cost?

Mr. BROWN: The individual producer working on a central market could use either parcel post or express. He could put them up as to grade, carton the eggs himself, and use salesmanship to get his market, and furthermore use the collection systems of the post office and express company to collect his bills for him.

An Hon. MEMBER: For the Montreal market?

Mr. BROWN: Yes, he can deliver two dozen eggs by parcel post at a cost of seven cents a dozen, within the twenty-mile limit, that includes the equivalent of cost of grading, packing, transportation, wholesale and retail charges. The large part of getting a remunerative return is salesmanship. That is what the pools have done for producers.

An Hon. MEMBER: Don't you think that in the final analysis the solution of the problem is so-operative marketing?

Mr. BROWN: Yes.

Mr. COOTE: Take the town of Okotoks, twenty miles from Calgary, I am told that merchants will not grade the eggs, which have to be sent to Calgary to be graded. That plan does not seem to work out very satisfactorily to the people in that town. For the farmer who produces eggs in small quantities and brings them in to be dealt with in that way. Would it not be possible to change the egg-grading regulations to allow eggs to be sold, being labeled "ungraded" to meet such a situation as that? That is a request that has been put up to me by storekeepers in small towns and by farmers themselves.

Mr. BROWN: In other words, "Let the buyers beware."

Mr. BLAIR: Don't you think co-operative buying and selling, both, would work well? Storekeepers in our locality are complaining very much about this egg-grading. They say it is impossible for them to grade the eggs. In the large towns and villages why should we not have one central store for eggs where we would have inspectors to grade the eggs for the whole town? Individual storekeepers have not time to grade the eggs; then have them in connection with the co-operative seller.

Mr. BROWN: If you are from the West you must know that most of the merchants there are marketing with the Cooperative or with private firms, and do not buy eggs any more. They simply act as receivers at so much a dozen.

Mr. LOUCKS: Don't you think ten per cent is an excessive percentage for the wholesaler?

Mr. BROWN: Well, the wholesaler is having a very difficult time at present. With the growth of the chain store system and their purchasing direct from the manufacturer and the producer, the amount of business which the wholesaler is doing is certainly not as great—his turn-over is not nearly as large, even in good years, as it used to be under the individual retail store system. When you come to the matter of price I am not so sure but what the poorest friend the producer has, is the chain store system, while no doubt the chain store stimulated sales it does it largely through price and their influence has contributed in no small degree to the lower price which we have had for eggs this year. The chain stores like the cooperative wholesales in England are hard buyers, and if the merchant is flush with product they know it and act accordingly.

Mr. COOTE: Have you anything to say in regard to the grading of eggs in the smaller towns, where the eggs are being sent into Calgary to be graded?

Mr. BROWN: Why do they send them to Calgary?

Mr. COOTE: As I understand, the storekeeper in Okotoks is not allowed to sell eggs unless they have been graded and labelled.

Mr. BROWN: That is the letter of the law.

Mr. COOTE: And you want a law-abiding people here?

Mr. BROWN: Yes, and I will undertake to meet any storekeeper you have in Okotoks, and prove to him, on the basis of his current receipts, that if he has any interest in maintaining his business as a whole—not only his egg business but his business as a whole that he would be well advised to candle and grade his eggs.

Mr. COOTE: That may be, but that situation exists in a lot of towns.

Hon. Mr. MOTHERWELL: Is there not another satisfactory solution—if he can sell enough eggs at four cents to crate them and grade them at home, and keep all the money in the family, send them to a commission merchant of repute, then he will get all the returns, less the cost of handling them. Is not that a solution?

Mr. BROWN: Yes.

Hon. Mr. MOTHERWELL: He may not have money to get the crate; it is like starting sending your milk to the creamery; may be you can get a creamery that would deduct the cost from the first crate of eggs.

Mr. BROWN: There is a standing offer to individual producers or to any shipper, that if he wants to candle and crate we will send a man to coach him, and on his first shipment we will give him a certificate for quality, the certificate plus salesmanship will obtain for him recognition for his grading.

Hon. Mr. MOTHERWELL: Where does he get the crate in the first place? Do they take it off the cost of his first shipment, or does he buy them wholesale?

Mr. BROWN: The usual way is to buy them from the wholesaler.

Mr. MULLINS: Are there any frozen eggs coming in in bulk?

Mr. BROWN: No more frozen. The only exemption from the application of the dumping duty is the dried flake albumen which is used for marshmallow, chocolate centres, and confections of that kind—a product that is not made in Canada.

Mr. MULLINS: They come in competition with the hen, don't they? Those eggs that were allowed in in bulk, is there much on hand?

Mr. BROWN: No. There may be a little from late importations last May or June a year ago. Our own manufacturers to-day are well equipped to supply all Canadian demand for either frozen or for dried eggs.

Hon. Mr. MOTHERWELL: You mean grading plants?

Mr. BROWN: Yes.

Hon. Mr. MOTHERWELL: Nearly all the number twos go into the breaking plants.

Mr. BROWN: Yes.

Mr. GARLAND (*Bow River*): I want to be sure of what Mr. Brown said; the retailer receives how much?

Mr. BROWN: The retailer usually takes about twenty per cent, and the wholesaler ten per cent.

Mr. GARLAND (*Bow River*): Are there any other charges added to that?

Mr. BROWN: Transportation, cost of containers, etc.

Mr. GARLAND (*Bow River*): Take the average point; what would it be?

Mr. BROWN: I would like to analyse these figures further and submit a written statement, on the basis of current prices, for the West and also for Ontario and Quebec.

Mr. BOWMAN: Kindly include Dauphin.

Mr. BROWN: I would like to answer the question in regard to export, asked by Mr. Coote. We are to-day practically on an export basis. There is an export movement contemplated for next month, and some already sold for fall shipment. The best outlet in an export way is the British market. There is very little egg grading in England. Eggs are sold according to their countries of origin, which is not necessarily any criterion of quality at all. Some preliminary discussion took place last year during the World's Poultry Congress to the end of empire standards, an all-British standard which would act for the empire on much the same basis as does Dominion standard in interprovincial trading in Canada, a standard that would recognize the eggs of all countries on the English market on the basis of their quality. England's per capita consumption per year is very low, not over 12 or 14 dozen per person. With eggs of assured quality this consumption could be readily increased.

From our knowledge and contact with representatives of New Zealand, Australia and South Africa and the Iceland and with the goodwill of the British Ministry of Agriculture there is good reason to believe that in eggs, the dominions are ready for an empire standard which we believe would bring to the British market and to the Dominion, something of the same incentive to trade development that standardization has done to Canada.

Hon. Mr. MOTHERWELL: Is that the plan that is being worked out on the live stock co-operative basis?

Mr. BROWN: No. This grew out of the discussions in the marketing section of the Poultry Congress in London last year, with representatives of the other dominions who were assembled there.

Hon. Mr. MOTHERWELL: By the time eggs produced in western Canada arrive in a London market, what grade could sell there if the same conditions were laid down as applied in Canada with regard to grade?

Mr. BROWN: They should show very little change from their grade as they arrive in Montreal. Western eggs arriving on the Montreal market at times command a premium over Ontario eggs of the same grade. This is due to recent improvements in pick up, to the use of refrigerator cars for country shipments to point of grading graded in cool rooms and shipped to destination under refrigeration. Prairie extras on the Montreal market are a product to be proud of. In British Columbia for shipment via the Panama canal the eggs are moved direct from the grading station to the refrigerated chambers aboard the ship.

A MEMBER: Do not your regulations require these eggs to be sold, say a certain number of days after production?

Mr. BROWN: No, sir.

A MEMBER: If they are to be sold as extras?

Mr. BROWN: No, sir.

A MEMBER: How long could they be sold as extras after grading?

Mr. BROWN: Some years ago in Ontario, there was a small cold storage where two cars of eggs were graded in the storage as extras. The storage was so good those eggs retained their quality so well that they could have been shipped as extras without further candling or grading. The major difficulty in eggs to-day in so far as deterioration is concerned is weak albumen, a lack of carrying power.

Mr. DUGUAY: How long after an egg is graded and put into cold storage will you allow it to be sold as an extra?

Mr. BROWN: There is no time limit. There are large quantities of storage eggs sold as storage extras for in a good storage eggs should not shrink more than a quarter to a half pound per case.

Mr. SHAVER: Would it not have to be sold as a storage extra?

Mr. BROWN: Yes, they would.

Mr. COOTE: Would eggs shipped as storage eggs have to be sold in that way in England?

Mr. BROWN: No. The English regulations at present require only home produced cold storage eggs to be individually marked with the word storage but this does not apply to imported product.

Mr. COOTE: And they would sell at exactly the same grade as when they were produced.

Mr. BROWN: Yes.

Mr. McMILLAN: As I understand it, you are an expert poultry man, you were speaking of high production. Do you think that it would be necessary for us to call a halt and perhaps go back a bit in the way of production?

Mr. BROWN: We may have to do that, the trouble with our eggs to-day is that they lack consistency in the albumen; it is frequently weak and watery, such an egg will not hatch. If eggs will not hatch, and if there is no carrying power in the product, we might be better off with two or three dozen eggs less on the average, and be able to deliver more at grade.

Mr. COOTE: Has the increased production brought about lower prices?

Mr. BROWN: In part, yes. You take the prairie farms in September last year, many of them were still producing sixty per cent. They affected outward storage movement and the fall in price commenced.

Mr. McMILLAN: What would be the production that you would suggest, that would ensure good eggs?

Mr. BROWN: There are important research problems entailed.

Mr. McMILLAN: Would an amount of 300 be too high?

Mr. BROWN: We may be able to find a way, to maintain high production and high quality as well.

Mr. McMILLAN: And strengthen up the albumen, you mean.

Mr. BROWN: Yes, I believe it can be done.

The CHAIRMAN: We have had Mr. Brown here quite a while to-day; what is your pleasure about calling the other gentlemen that Mr. Weir mentioned at a subsequent meeting, the gentleman who is the president of the Canadian Poultry Pool?

Mr. COOTE: What about the other subjects, Mr. Chairman?

The CHAIRMAN: Mr. McMillan will come back again. Would it be the pleasure of the committee to hear Mr. McMillan at the next meeting. If so, I think it would be in order to adjourn now.

Mr. COOTE: Before you adjourn, I should like to see if Mr. Brown can give us any further suggestions along the line of increasing the return to the producer of eggs. I think the committee will be very much obliged to him, and we would like very much to have that point emphasized if he comes before us again.

The CHAIRMAN: He will probably be here again.

Mr. COOTE: He has yet to give us some figures.

The CHAIRMAN: We shall stand adjourned now and hear Mr. McMillan on Thursday. Is that the pleasure of the committee?

Mr. BROWN: We want to get a report—

The CHAIRMAN: I understood he was going to file a written statement. How long would that take you, Mr. Brown?

Mr. BROWN: We can get that ready, and into the hands of the committee within a day or two.

Mr. BOWEN: I would ask Mr. Brown when he returns to devise some system by which we can get rid of the system of grading in Montreal, get a neutral grader in Montreal, and have it put on a disinterested basis. It would certainly go a long way to help the farmers.

Mr. LUCAS: I should like to have your opinion on co-operative marketing, whether or not in your opinion eggs should be conveyed from the producer to the consumer direct, and eliminate the tremendous overhead that we are faced with at the present time.

Mr. BROWN: We have always supported and were in large part responsible for the inception of co-operative marketing of eggs and poultry in Canada, but at the same time we are convinced that competition from private interests is a very useful thing if co-operative marketing associations are going to bring out the best that is in them in the way of salesmanship and efficiency in the interests of their clientele.

The CHAIRMAN: Well gentlemen, we shall adjourn now and if we are not conflicting with any other committee, we will probably meet on Thursday of this week.

Committee adjourned.

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SESSION 1931
HOUSE OF COMMONS

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

1931

MINUTES OF PROCEEDINGS AND EVIDENCE

1931
[Re Whiteside Inquiry]

THURSDAY, MAY 28, 1931

THURSDAY, JUNE 4, 1931

CONTENTS

- Order of Reference, Tuesday, May 26, 1931.
- Parliamentary Returns, Nos. 147 and 147A.
- Minutes of Proceedings, Thursday, May 28, 1931.
- Minutes of Proceedings, Thursday, June 4, 1931.
- Minutes of Evidence, Thursday, May 28, 1931.

ORDER OF REFERENCE

TUESDAY, May 26, 1931.

Ordered.—That matters referred to in Return Nos. 147-147A, be referred to the said Committee with instructions to examine such records as may by the Committee be deemed necessary, and to hear such witnesses as it may desire, and to call for such papers in connection therewith, and to report to the House.

Attest.

(Sgd.) ARTHUR BEAUCHESNE,
Clerk of the House.

PARLIAMENTARY RETURNS

Copy

16872

147a

OTTAWA, May 9, 1931.

DEAR SIR,—With further reference to your Reference No. 41, Order of the House of Commons moved by Mr. Vallance, for copies of correspondence between Sir Geo. Foster and Mr. Robert Whiteside, of Birsay, Sask., I attach hereto some further correspondence which should have been forwarded with our letter of April 28th, and shall be glad if this can be made a supplementary return.

Yours truly,

(Sgd.) J. C. T. O'HARA,
Deputy Minister.

The Under-Secretary of State,
Ottawa, Ont.

Feb:Fl.

Encl.

Copy

DUNBLANE, January 19, 1920.

Sir GEORGE FOSTER,
Ottawa, Canada.

As your humble servant I desire to seek information which will explain fully the motive our Federal Government had in undertaking to take over and sell the wheat crop for the year 1919. We fully understand the motive for selling the crop in 1917 and 1918, but one thing we don't know nor have we ever had any report on the same and that was what was the price the Government got for the wheat that was exported in the year 1918. We know the growers received \$2.26½ f.o.b. Fort William but did our Government sell it for export on this basis to appear to be good fellows when the price of American wheat was \$2.40 to \$2.60 or did some one pocket the margins. Wheat and wheat products were the only food stuffs the Government controlled. We feel justified in demanding a report of the wheat that was exported and to get at plain facts regarding the 1919 crop. Every farmer in Western Canada is under the impression that our Federal Government premeditated and entered into an agreement to handle the wheat crop to make gains for themselves at our expense. Note I said Federal Government; it may have been only members of our government, at any rate it has been reported quite frequently and in bold statements that the time the Grain Exchange was opened that our Government did sell or offer for sale some 50 millions bushels wheat to Great Britain at a price of \$1.75 per bushel and not until the market was open did your Government make any attempt to handle the wheat and we all know the market was advancing and to take control of the wheat when it was at a price of \$2.45 and attempt to offer to set a price of \$1.75 or even \$2.15 does not appear to the farmers as one of good faith, and for the Canadian Wheat Board to sell to our millers at \$2.30 per bushel in the face of prices prevailing on all other products points out quite

clearly that our Federal Government is out to do what it has always done and that is give the farmers second place. While I will admit we were under military rule and the Government had the authority to so act, the manner in which they acted does not show one of good faith and if the report is really true that our Government did sell or offer for sale a certain portion of our wheat any price in the minds of all well thinking men can only come to this conclusion that our Government premeditated their action knowing they had power to control things to suit themselves. I further wish to say in all friendliness the farmers of Western Canada are determined to demand a report and make an investigation to learn the facts. We intend to out line our plans, decide on some action at our Convention in Saskatoon in February and in writing this communication to you I do not overlook or under-estimate the honor or high position you hold as a worthy member of our Government. Neither do I go about finding fault or abusing our Government while I know mistakes have been made and many wronged I have every confidence that the good citizens of this fair country will aright the wrongs develop the nation and restore prosperity. But the very fact that such reports have been circulated, which I hope are false, should prove to be true at this time will so lower our standard of government in the eyes of other nations and so upset the faith of our people that it will be hard to describe the result when it is brought to light, now the questions I desire an answer to are:

What was the price our Government sold the wheat crop of 1918 for that is the wheat that was exported. Next did our Federal Government or members of our Government sell or offer to sell fifty or seventy five millions of bushels of our wheat crop of 1919 to the British Government at \$1.75 before they had made the final arrangements to market the wheat; I trust you will favor me with this information and hope it will be possible to receive a reply before the date of our Convention February 10th.

Your humble servant,

(Sgd.) ROBERT WHITESIDE.

Copy

DEPARTMENT OF TRADE AND COMMERCE

OTTAWA, January 27th, 1929.

ROBERT WHITESIDE, Esq.,
Dunblane, Sask.

DEAR MR. WHITESIDE,—I have read your letter of the 19th. I am not. I suppose personally acquainted with you but take you to be an honest-minded, well-intentioned, intelligent man who seems to be troubled as to rumours and reports which reach him, from what sources I do not know, and which cause him doubts as to the actions and honesty of the Federal Government in this instance.

It would be very long letter which would give you a full explanation of why the Government in 1917 and 1918, took over the selling of the wheat crop. That, however, does not appear to cause you much trouble so far as the principle was concerned, but you have difficulty in understanding why a similar course was adopted in 1919.

In short the course adopted in 1919 was based upon the reasons which made Government purchase necessary in 1917 and 1918, although the war had stopped with the signing of the Armistice, unfortunately the conditions caused by the war continued in an even more aggravated form. Under these conditions, as operating in foreign countries, the selling of our wheat crop for 1919 was rendered absolutely impossible owing to the financial and transport situation. Farmers, of whom I imagine you are one, should be pretty well satisfied as to the necessity for this inasmuch as it was demanded and has been consistently supported since the formation of the Canadian Wheat Board by the farmers of Canada as represented by the Canadian Council of Agriculture. As I stated above, to give you all the reasons would make my letter altogether too long and would probably not appeal to you in any stronger manner than the fact, which I have just mentioned to you, as to the opinion and wish of the associated farmers of Canada, themselves.

Now, as to the second part of your question, how much was received per bushel for the wheat sold, and did anyone pocket the money, and especially did the Government or any of its members appropriate to themselves any part of the proceeds of the sale, from the tone of your letter I do not think you, yourself, really believe that that has been done, but you are disturbed by what other people say. I do not know whether or not you will take my word for it, but whether you do nor not, I can assure you it would have been impossible for a member of the Government or the Government itself to have appropriated a single dollar of the proceeds of the wheat sales of 1917 and 1918 to their own purposes.

A Board was established consisting of representatives of the different interests concerned—producing, milling, transport and the consuming interests. That Board work without pay, being simply given a certain per diem allowance for expenses that they were called to meet in Winnipeg for consultation. The wheat was sold during the season of 1917 and 1918, as purchasers were found and of course for different prices owing to changes in the world's market price. As careful calculation as possible was made as to the expenses of storage, insurance, and such necessary expenses which must be incurred in the storing, marketing and carrying of wheat. The Government stood to lose any deficit in price received from that paid to the growers of the grain. In the end after all expenses were paid and the accounts closed, a small surplus remained in the hands of the Board of Grain Supervisors, the body that was established to conduct the buying and selling of wheat. That surplus has been turned over to the consolidated revenues of Canada on which no Minister or anyone else can get his grip. It is safe in the banks, to the credit of the Dominion of Canada and can only be chequed out for legal authorized expenditures. It was fortunate, during the course of these two years' operation that the Government was able to give the farmers the price that was given and avoid any loss in the transaction. If the markets had turned a little different, whilst the farmer would receive his price the country, as represented by the Government would have had to pay the deficit.

Now, as to the year just passed, 1919, the Canadian Wheat Board was established with the same interests represented thereon. This Board, also is in the main, giving its services to the country freely and without pay. Of course clerks, etc., and managers have to be paid for the work they do, but that has to be done whether the marketing is done by the Government or private traders, as you quite well understand. The farmers receive a stated amount as the first payment upon their wheat. This, of course, they receive whether the market price goes up or goes down. As in the case of the two preceding years, the Government, nor any member thereof, receives nothing of that amount. After the expenses of marketing are paid, if there is any surplus, as I believe there will be, this is divided amongst the farmers who were the original sellers

of the grain. That is, under the arrangement, the farmer gets all that the world's market price makes possible, he gets a first payment on his wheat on the basis of \$2.15 No. 1 Northern, and gets his proportion of the surplus which may be left at the end of the transaction.

I think this makes plain to you the query raised in a part of your letter. You state that every farmer in Western Canada is under the impression that our Federal Government premeditated and entered into an agreement to handle the wheat crop to make gains for themselves at your expense. Now, as a sensible man, do you really believe that? Note what I have stated to you as the recommendation and claim made by the Council of Agriculture representing the farmers of the Dominion. Therefore "every farmer" is too strong and you will certainly have to modify that, and I am not going to take up my time or yours in controverting a statement of that kind. I do not think you really believe it. It is impossible that such should be the case and it is contrary of course to the fact.

You also make another statement as current, whether you pledge yourself to its beliefs or not, namely that at the time the Grain Exchange was opened, the Government did sell, or offer for sale, 50,000,000 bushels of wheat to Great Britain at \$1.75 per bushel, to be paid to the farmers for their grain, and then took charge of the market when the price was at \$2.40 or thereabouts with a view of appropriating to their own uses the difference between that price and the market price of the wheat.

There is not a word of truth in that statement. The Government did not sell a bushel of the farmers' grain in 1919. All has been sold by the Wheat Board under the conditions that I have explained above and all that is in it will go to the farmers, less the necessary expenses of the operation.

Now, I have spent a lot of my time and taken up a lot of yours in trying to answer quite frankly because I take it to be the letter of an honest man and it is, to me, passing strange, in the first place, that such absurd rumours could find currency amongst intelligent people, and secondly, that there are good, honest, intelligent people to take so much stock in them as to be troubled thereby.

Yours very truly,

(Sgd.) GEORGE E. FOSTER.

Sessional Paper No. 147

MONDAY, May 4th, 1931.

Return to an Order of the House of Commons, dated April 22nd, 1931, showing:—

A copy of all correspondence including letters, telegrams, memoranda, etc., between the Honourable Sir George Foster, while Minister of Trade and Commerce, and Robert Whiteside, of Birsay, in the province of Saskatchewan, relative to the sale of the 1917-18 wheat crop.

C. H. CAHAN,

Secretary of State.

Mover: Mr. Vallance.

THE DEPARTMENT OF TRADE AND COMMERCE, CANADA

OTTAWA, April 28, 1931.

DEAR SIR,—Replying to your reference No. 41, being an Order of the House of Commons dated April 22, moved by Mr. Vallance, M.P., for a copy of all the correspondence between Sir George Foster, Minister of Trade and Commerce, and Robert Whiteside of Birsay, Saskatchewan, in regard to the 1917-18 wheat crop, I beg to attache hereto the return giving all the information desired as far as it is available in this Department.

Yours truly,

JAS. G. PARMELEE.

The Under-Secretary of State,
Ottawa.

Copy

Hon. Sir GEORGE FOSTER, Ottawa:

DEAR SIR,—As your humble servant I have read your letter very carefully. As for me being an honest minded, intelligent man, I leave that for other to judge, but I do aim and strive to be a true citizen of Canada, and do not allow remorse to trouble me unless they are pertaining to my own interests, and the question I have taken up with you is of vital interest to every citizen of this province. As I expect you understand Saskatchewan grows more wheat than all the other provinces combined. While I quite agree with our Federal Government in handling our wheat crop in 1917 and 1918, everyone well knows that with an open market we would have received much more for our wheat than the price that was paid by our government, and the people of this province were the ones that lost more in this transaction than all the rest of Canada combined. Manufacturers and farmers of other products had an open market for their products and the result is wheat products are the cheapest of all the necessities of life to-day. Now as for the farmers demanding the Government to handle our wheat crop, that took place before the wheat crop was sown. Had we been guaranteed a price then we would have no complaints to make. But we were denied this and the open market was put in force and not until our Government realized that the United States and Canada had a short wheat crop and wheat was advancing in price did they take control of the wheat market. Now the principle of handling our wheat is all right and our Federal Government had handled it for two years, why did they not agree to handle it in the spring of 1919 when they were asked to by the farmers. But no, the farmers had to run all the risks, and I feel certain had we a good average crop this past year we would have been obliged to sell our own wheat. Then in 1917 and 1918 we were forced to pay all the freight on our wheat from Saskatchewan to Fort William. Then we had to pay our share of the freight from Fort William to point of destination. The Board of Grain Supervisors was asked to set a certain price at all terminals, Fort William, Winnipeg, Moose Jaw, Saskatoon. But this was refused and the farmers of Saskatchewan lost thousands of dollars by it. Now I agree with the Wheat Board this year in pooling the prices on the wheat but they should also do it on the freight. And the very fact that our wheat board has sold up to recently our wheat to the millers at \$2.30 per bushel in the face of high prices of everything else does not appear to me an act of good faith and in summoning it all up I consider the people of Saskatchewan have been made the goat of the whole Dominion. If

this wheat was grown equally all over the Dominion we would have little reason for complaint. But is not. Take for instance, Alberta or Manitoba, according to what they produce in wheat they provide seed and flour for their people, they have very little wheat to export. But with the small population in Saskatchewan we have five times the wheat to export that Manitoba and Alberta combined and fifty times as much as all the rest of Canada. Now if our Government sold our wheat at prevailing prices in the world's market in 1917 and 1918, you certainly had a large amount to turn into the Dominion treasury at our expense and which our Federal Govt. has no right to whatever. And this leads me to believe that the people of Saskatchewan have been trimmed out of millions of dollars. The very fact that you state in your letter that our Wheat Board are working without pay leads me to believe there is something wrong. The farmers of Saskatchewan are not asking members of the Wheat Board or members of our Government to work without pay, I would feel much better if they were paid a good substantial salary. On page five of your letter you speak of what I said about our Government or members of our Government entering into an agreement to sell our wheat and make gains for themselves at our expense. Well they well knew the intention of the Government was to have an open market thinking that if we had a good crop prices would be low they also knew we were still under war time measures Act and if prices went high the Government would control the prices the same as in the two years previous, and things just as corrupt as this have taken place in the past, and while I asked you this question, I sincerely hope such is not the case, but I believe in getting the facts, and I think an investigation at this time is quite proper. And in summing up your letter I look upon it in the same light as I do one written by Mr. Wood, of Alberta, who is a member of the Wheat Board. Mr. Wood is trying to show that the average price for wheat in Canada will equal the average price paid in the United States, but Mr. Wood evades the fact that our wheat grown in Saskatchewan which has been sold to the millers at \$2.30 is worth \$3.30 in the United States. The United States has large quantities of low grade wheat which sells at a discount while our western wheat is worth a premium the world over. So I wish to say to Mr. Wood or any member of the Wheat Board, or of the Federal Government, that we have been taken advantage of in a somewhat underhanded way and for myself I wish to say it would take too long to write all the facts. But at any time that the Canadian Wheat Board or our Federal Government wish to discuss this question with me why I am prepared to meet them.

Yours truly,

ROBERT WHITESIDE.

To the business men of Saskatoon and the people in general I wish to say the manner in which it effects the merchants is this, we have to get our money from the wheat crop before we can spent it with the merchants. The Wheat Board have sold millions of bushels of wheat to the people of Eastern Canada at a price of \$2.30 per bushel. Now they are coming at the people who had no crop last year and charging them \$2.40 per bushel for seed they have to put in the ground and take another chance. My plan would be to charge the people of Canada and other countries \$2.75 per bushel for wheat for what they used this year and sell seed to the farmers at \$1.00 per bushel. The small amount of wheat that will be sold for seed at \$2.40 per bushel is very small items to the millions of bushels that will be consumed for flour and this plan will make millions of dollars for the people of Saskatchewan and treat those who are in distress in a decent manner.

ROBERT WHITESIDE.

DUNBLANE, Feb. 4, 1920.

Copy

DUNBLANE, February 16, 1920.

HON. GEORGE FOSTER,
Ottawa.

Reply to your letter of Jan. 27/20.

DEAR SIR,—I have went to the trouble of having my letter to yours printed so you could read it easier but there is some things I wish to say to you that I didn't wish to have printed for this very reason owing to the unrest and disrespect people in the west have for our Govt. officials, I thought best to keep that to myself now as I have stated we have been grossly wronged but I believe the Almighty created in every man a noble spirit of manhood but nature and outside influences sometimes covers it up, now I believe in placing you on your honor. We individual farmers can't expect to get our share of the profits, our Federal Govt. made from the sale of this wheat in 1917-18. But we are going to insist and demand that it shall be paid to the people of this Province to develop and further promote the welfare of the country ? we demand an investigation and a report made of the sales of this wheat the same as any firm which carrying on any line of business would be prepared to show if necessary.

I am taking this matter up with the business men of Saskatoon, Moose Jaw & Regina and the grain growers Association and the fact is I will have a solid body of the people of this province to back me up in this. But this will be done in a quiet way and if this is cleared up it will restore confidence and respect for the members of our Federal Govt. in Canada.

Though I have not met you personally I will refer you to the Hon. Hugh Guthrie who I am personally acquainted with. Mr. Geo. McCraney of Saskatoon speaks well of you.

Your Humble Servant,

(Sgd.) ROBT. WHITESIDE.

Copy

FEBRUARY 21st, 1930.

ROBERT WHITESIDE, Esq.,
Dunblane, Sask.

DEAR MR. WHITESIDE,—I have your letter of the 16th instant, with enclosure, and note what you say therein.

Yours sincerely,

(Sgd.) GEORGE E. FOSTER.

Copy

APRIL 30th, 1920.

ROBERT WHITESIDE, Esq.,
Dunblane, Sask.

DEAR SIR,—Yours of the 14th instant has been received. My letter of the 27th was intended to give an extended reply to your previous letters and I regret if it has not met your wishes or in any way modified your views. I fear that other and pressing duties make it impossible for me to pursue the correspondence at length.

As to what has been paid back to the Consolidated Fund, the accounts are not yet complete and not until adjustments are all made will it be possible to know the exact amount of the surplus receipts, if any. As to your second question, it is not the present intention of the Government to market the farmers' crops of 1920, although in these disturbed times it is not always possible to forecast the future.

There is not, to my mind, the least possibility of returning to any one of the provinces a share of the surplus receipts, if there are any, and which in any case will not be very large. One would think that if any re-payments were to be made other than to the Consolidated Fund of Canada, they should go into the hands of the individual farmers and that would be a very difficult matter to adjust.

Yours very truly,

(Sgd.) GEORGE E. FOSTER.

BIRSAY, June 16, 1920.

Hon. GEORGE FOSTER,
Ottawa.

My DEAR SIR,—Your letter of April 30th to hand and noted. Now I don't think our views are as far apart as you may think, While I fully believe the Farmers of Sask. have been trimmed out of millions of dollars by our Govt. marketing our wheat in 1917 & 1918, let me tell you it was the best education the people have every had and the best thing for the farmers of Western Canada. Bear in mind you can lose and yet be a big winner. The arrangements we have for marketing the wheat crop of 1919 was satisfactory in every way only the wheat board considered the interests of the milling companies and consumers and gave the farmers second place. Now I would like very much to know what more pressing duties you have on hand than the marketing of our wheat crop which promises at this time to be a large one and with the proper handling will be a redeeming feature for all Canada and with facilities of Western Canada and with a large crop to market, it will only be a calamity to have an open market. We need Govt. Control and arrangements made to make certain deliveries every month. The only people that want an open market is grain speculators who gamble on the grain exchange. The elevator people get a larger com. under Govt. control than they do in buying and selling in the open market. I don't say that the Govt. should take over the elevators and adopt the national marketing of wheat; I fully believe that in another year the situation will be so changed and transportation facilities so much better that Govt. control will not be necessary. In fact I don't think it best for the Govt. to enter into any industrial business though I must admit the taking over of the railways was unavoidable and I can easily understand why they were operated at a heavy loss owing to the great disadvantages under which they had to operate.

Now the fact that you do not know how much was turned into the Consolidated funds from the sale of our wheat crop owing, to the business not being completed does not relieve you from having the business completed and a statement made public, if the wheat was sold at a profit of five cents per bus. or fifty, we want to know. Then again it would be impossible to return to the farmers privately their portion. Neither are we so near sighted as to expect it, but we do insist that it be turned over to the province of Saskatchewan. our portion, the same to be used for public improvement. Now Sir if this Govt. does not arrange for the marketing of our wheat this year, I will say to you I will consider your largely responsible for it. Then the most important feature of

all is who shall the wheat board consist of. I wish to say frankly one third of the twelve members must be bona fide farmers, under no circumstances will the farmers accept anything else. Taking everything into consideration, the circumstances under which the farmers had to operate and the chances which we had to take we have made a better success of our business than any other industry that is doing business today. We have just as competent men among the farmers to sell our wheat as any member you have on the wheat board. I have pointed out to the wheat board where they have illtreated us and they are unable to defend themselves. In closing I may say this question is very much alive in the west at present and we intend it will be very much alive at Ottawa until our request is granted and I think you should be in a position at this time to give us a final answer.

Yours truly,

(Sgd.) ROBERT WHITESIDE.

JUNE 28, 1920.

ROBERT WHITESIDE, Esq.,
Dunblane, Sask.

DEAR SIR,—Your letter June 16th has been received, and I note what you say therein, regarding the marketing of the wheat crop.

Yours very truly,

(Sgd.) GEORGE E. FOSTER.

DUNBLANE, July 10, 1920.

HON. GEORGE E. FOSTER,
Ottawa.

MY DEAR SIR,—I trust I will not weary you in making another reply to your letter of recent date. I am glad to say that present indications appear that our Federal Govt. has about decided to continue the Wheat Board for another year, though I do not think you used your influence to help it along. Well it is over two months since I communicated with you to have it continued and I am safe in saying the good judgment of the people at large has agreed with me. Now we should be setting out to be in a position to handle the crop which is promising to be a large one. And I think our R.R. have not given thought to how it can be handled systematically. First we should aim to have the Wheat moved from districts the greatest distance from the terminals. This should be done in the early part of the season. Then when we get severe winter weather move the wheat on the short hauls. This will greatly assist us in transporting the wheat and increase railroad receipts. Then again don't start out by feeling the farmers with prices at \$1.75 per bus; \$2.50 per bus. will be more in line. And to avoid congestion in the early season if the price was say \$2.45 up to the first of Feb. then \$2.50 up first of May, and \$2.55 after that date this will encourage farmers to hold their wheat and avoid paying storage charges to the elevators from time to time. Now I wish to ask you who has the appointing of the Wheat Board, I have already written you we are entitled to more farmers on the wheat board. I feel I am qualified to be a member of that board but only ask for it and expect to get it on my merits without any special efforts or favours from any one. And in closing, I wish to say some parties are in great fear that in paying the farmers a certain price the Govt. may be at a

heavy loss. Even if this should happen it will come far short of replacing our loss we have suffered by the Govt. marketing our wheat the past three years, and money paid to the farmers will not be lost. The farmers have made this country what it is, in other words they blazed the trail and paved the way and should you in this way cut a lemon with the farmers it is the first time in the history of the nation it has ever been done.

Yours truly,

(Sgd.) ROBERT WHITESIDE.

JULY 17, 1920.

ROBERT WHITESIDE, Esq.,
Dumblane, Sask.

DEAR MR. WHITESIDE,—I have yours of the 10th and before you receive this you will have learned that under conditions as they appear at the present time, the Government has decided to decontrol the marketing of grain in Canada, reserving of course, the right to bring into force the Enabling Act, if it shall, in its opinion hereafter become necessary.

In the reversion in the United States of free marketing methods and the bettered conditions of transport and credits in Europe, there seemed to be no reasons at the present for continuing the operations of the Wheat Board, and the farmers will be allowed to make their sales on the open and unrestricted market.

In answer to your further enquiries, the Wheat Board was appointed last year, as you will understand, by the Government and the Government will also be the appointing power if the Wheat Board should later be called into existence and in that case due consideration would be given to the representations of the different interests involved as was given last year and which, last year, resulted in the appointment of a Board which, as it appears, has given general satisfaction.

I note that you are of the opinion that the farmers, have on the whole, suffered loss by the system of marketing during the last three years. Now that control has been taken away, you will, at least, not have that charge to make, a charge which, from my own experience, has no foundation. I should say that the farmers have been preserved from very heavy losses because of the intervention of the Government and the provision of finances for the steady marketing at the best obtainable prices of the farmers' products.

Yours very truly,

(Sgd.) GEORGE E. FOSTER.

JULY, 27, 1920.

ROBERT WHITESIDE, Esq.,
Dumblane, Sask.

DEAR SIR,—Your letter of the 21st has been duly received, but as Sir George Foster is taking a few holidays, I shall be obliged to await his return before bringing it to his attention.

Yours faithfully,

Private Secretary.

BIRSA, July 21st, 1920.

HON. SIR GEORGE FOSTER,
Ottawa.

DEAR SIR,—I have just learner by reading an article in the press, that you have ignored the desire of the farmers in asking that our Federal Government to market this year's wheat crop and have catered to the lobbyists of the grain exchange that have been hanging around Ottawa for the past three months. Well I am very glad to say what you failed in, Providence has come to our aid only in another way. The hot dry weather and scorching winds the past two weeks has cut the yield of grain in Western Canada fully forty to sixty per cent, so the amount of grain there will be to market will not in any way overload the market.

Now in regard to that clause you have enacted concerning our Federal Govt. watching the marketing the marketing of our wheat. There is not any of the farmers have any desire nor do they ever expect to reap any benefit from your watchful, waiting.

So I want to say to you frankly but kindly that I can vouch for the vast majority of farmers, and our desire is for you and our Federal Govt. to keep your hands off. It was not the good intention of our Federal Govt. to benefit the farmers in any way when they took control of marketing our wheat three years ago, and after turning down our proposition to market our wheat this year, we certainly have not any more faith in you.

I wish to thank you however, for the education we have received though it costs us millions of dollars, we can now arrange to market our wheat, and do not need any further assistance from our Federal Govt.

Yours truly,

(Sgd.) ROBERT WHITESIDE.

BIRSA, April 4, 1921.

HON. SIR GEORGE E. FOSTER,
Ottawa.

DEAR SIR,—I have had considerable correspondence with you in the past year concerning the manner in which our Govt. marketed our wheat in 1917 & 1918 and now I understand there is to be an investigation of our grain trade. Well I consider it would be quite in order to investigate the manner in which our Govt. handled our wheat crop in the past three years, I am still of the opinion that we have been swindled out of millions of dollars. I am desirous to know how much was turned in to the Consolidated Funds of the Dominion Treasury from the sale of our wheat in 1917 & 1918. I notice you are having some difficulty in securing mento investigate the grain trade, well I suggest that at least three farmers be appointed to that commission. I feel sure that we can make as thorough an investigation as men from the grain trade or a judge from the bench. I have given the grain a careful study for the past four years and I am not afraid to tackle the job, and I hope this is not a fake job on the part of the Govt. I trust they are not making a pretense to just merely have peace prevail among the farmers.

Yours truly,

ROBERT WHITESIDE.

APRIL 19, 1921.

ROBERT WHITESIDE, Esq.,
Birsay, Sask.

DEAR SIR,—Yours of April 4th has been duly received.

You will have noticed that the membership of the Commission to investigate the handling of grain has been completed and I hope will be at work in a short time.

The amount turned into the consolidated Revenue Fund by the Board of Grain Supervisors was \$428,781.94.

The Wheat Board has not yet completed its accounts but it is probable that there will be a small surplus to be gathered in to the Treasury when all accounts will have been adjusted.

I notice that you will hold to your suspicions that the farmers have been swindled out of millions of dollars by reason of the operations of the two Boards mentioned above. I am afraid that it is not possible for me to do, more than I have already done to produce a contrary impression. It is very hard to deal with suspicions in people's minds which have no solid basis of fact upon which to found themselves. It would be different in dealing with a conclusion which had been arrived at from a certain basis of facts and conditions.

Yours very truly,

BIRSAY, SASK., July 16, 1921.

Hon. GEORGE FOSTER,
Ottawa.

DEAR SIR,—I desire to write you in regard to the grain Commission recently appointed by our Federal Government. I have read many articles on this question and wish to express my opinion thus:

Our Federal Government dissolved our Wheat Board and allowed open markets to prevail with this understanding that they would watch the marketing system and take control of wheat marketing if they found it necessary. Now under their guard of watchfulness they stood silent and allowed prices to decline far below the cost of production and wholly ignored the request of the people to reestablish the wheat board and made comments time and again that there was no cause for such action. I ask your honourable Government, for what reason should a commission be appointed now to investigate the grain trade? Why go back so far and disturb the dead to get information? If they desire to place all the facts before the people let them investigate the marketing of grain under government control in 1917-18-19. When wheat was selling at \$2.60 in the open market in 1917 why should our government take control and pay the farmers \$2.26 and sell it in the open markets of the world at the prevailing prices from time to time and after deducting the operating expenses the balance of the receipts were turned into the consolidated funds of the Dominion treasury? Why should we sell our wheat to the foreign countries at a sacrifice when we were at war ourselves and in the face of the prevailing high prices of everything else? I consider that this has been the biggest farce that has ever been attempted by our government.

Now I have taken notice of all that has happened and the only grievance that I can lay before the grain trade is the fact that the farmers were forced to sell their wheat in a short space of time that was caused by the action of our banks. Had the banks not pressed the farmers for their loans there would have

been sufficient wheat held back to have kept the market bare of cash wheat and the large sales of future wheat would have forced the prices up of course. Now while the wheat was in the hands of the farmers it made no difference to the bank whether the money was loaned to the grain dealers or to the farmers.

Had our Government desired any investigation let them investigate the banks of Canada, which is the root of all our grievances. I have written the Royal Commission the position the farmers were placed in by the banks.

Any time we want an investigation of the United Grain Growers the stock holders can demand that. No doubt there were evil practices in the grain trade in the past as was also the case under Government control, but we can gain nothing by an investigation into that now. This has caused a great deal of suspicion among the farmers and I have therefore undertaken to write this. I think the United Grain Growers was justified in asking for an injunction and I trust any commission acting in fairness will be treated with courtesy by that Company.

Yours sincerely,

ROBERT WHITESIDE.

P.S.—Please note the reports of the leading banks and note the increase of business they are doing in foreign countries compared with what they are doing in Canada why should there be a depression of business in Canada when the value of our products in 1920 was greater than in 1919 by some two hundred and fifty million dollars and that was taking in the decline in prices. Investigate our chartered banks. Why should provinces like Ontario and Manitoba adopt the system of rural credit at this time.

R.W.

July 25, 1921.

ROBERT WHITESIDE, Esq.,
Birsay, Sask.

DEAR MR. WHITESIDE,—I have yours of the 16th which I have read. It traverses largely ground which you have covered in your previous letters, to several of which I have replied at length.

I do not see, therefore, that much will be gained by going over the same ground.

Yours very truly,

(Sgd.) GEORGE E. FOSTER.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

THURSDAY, May 28, 1931.

The committee came to order at 11 o'clock, a.m., Mr. Senn in the chair.

Members present: Messrs. Barber, Bertrand, Blair, Boulanger, Bowen, Boyes, Brown, Burns, Campbell, Carmichael, Cayley, Coote, Duguay, Gobeil, Loucks, Lucas, McGillis, McPhee, Mullins, Pickel, Rowe, Senn, Shaver, Sproule, Stirling, Swanson, Taylor, Thompson, Totzke, Tummon, Vallance, Weese, Willis, Young.

The chairman read the Order of Reference and informed the committee that the Parliamentary Returns Nos. 147 and 147A in the Order of Reference referred to, consisted exclusively of correspondence between Robert Whiteside and Sir George E. Foster (the Minister of Trade and Commerce) respecting the actions of the Board of Grain Supervisors, the Canadian Wheat Board and the Government relative to the handling of the wheat crop of the years, 1917, 1918 and 1919.

Discussion took place as to the scope of the Order of Reference and the method of procedure to be followed.

Upon motion the chairman was instructed to report to the House recommending that the committee be empowered to print its proceedings and evidence from day to day.

The Hon. Mr. Stevens appeared and by leave of the committee made a statement relative to the subject matter under consideration and filed several documents relating thereto.

Mr. H. Tooley of Winnipeg, formerly Secretary of the Board of Grain Supervisors and the Canadian Wheat Board, appeared as a voluntary witness, gave evidence and was discharged.

The question of printing the day's proceedings and evidence was left in abeyance, the evidence being largely documentary and the documents being filed and in the office of the Clerk for the convenience of members desiring to peruse same.

After discussion as to further action of the committee, upon motion the committee adjourned till Thursday, June 4th, 1931.

A. A. FRASER,
Clerk of Committee.

HOUSE OF COMMONS,

THURSDAY, June 4, 1931.

The Select Standing Committee on Agriculture and Colonization came to order at 11 o'clock, a.m., Mr. Senn presiding.

Members present: Messrs. Barber, Bertrand, Blair, Bouchard, Bowen, Boyes, Brown, Burns, Campbell, Carmichael, Cayley, Donnelly, Duguay, Gobeil, Loucks, Lucas, McGillis, Motherwell, Perley, Pickel, Sauvé, Senn, Shaver, Stirling, Swanson, Taylor, Totzke, Tummon, Vallance, Weese, Willis.

The Hon. Mr. Stevens, Minister of Trade and Commerce was in attendance.

Discussion took place as to the alleged incompleteness of the minutes of evidence of the meeting of May 28th, whereupon the chairman read the Rule requiring the committee reporters to confine their notes to the evidence adduced and prohibiting the reporting of discussion.

It was decided that the minutes of evidence but not the documentary evidence filed should be printed from day to day for the use of the committee members.

The chairman informed the committee, that with the assistance of the clerk, he had prepared a digest of the evidence submitted at the last meeting, with certain conclusions derived therefrom, to form the basis of a report for consideration of the committee. The draft referred to was then read and copies distributed.

After discussion, Mr. Carmichael, seconded by Mr. Perley, moved that a report in the terms of the document aforesaid, be adopted.

Mr. Willis moved, seconded by Mr. Loucks, in amendment thereto that the report with the addition of the following clause, be the report of the committee, namely:—

“The committee is of the opinion that the wheat production of Canada during the periods referred to in the reference, was handled in the best interests of the producer, and that no complaint can be offered of the operation of the Board of Grain Supervisors or the Wheat Board as to the manner in which they discharged their duty, and that there are no grounds for the complaints contained in the letters of Mr. Whiteside as laid before the committee.”

The motion by way of amendment being put by the Chair, the same by consent of the committee was withdrawn.

The main motion being put by the Chair was withdrawn, by consent of the committee.

On motion of Mr. Swanson the committee agreed to call as witnesses, Messrs. Robert Whiteside, James Stewart and H. C. Beatty.

Hon. Mr. Stevens informed the committee that he was taking steps to ascertain, if possible, the dates of the alleged period when wheat was being sold on the open market, but as yet had not received any definite information.

Mr. Stevens then filed a memorandum, dated June 4th, 1931, addressed to him by the Acting Deputy Minister of Trade and Commerce in respect thereto, as follows:—

OTTAWA, June 4th, 1931.

To Hon. H. H. STEVENS.

Re Board of Grain Supervisors

I just got in touch with Mr. Tooley. Although he has had two meetings he has been unable to ascertain the dates under discussion. The information obtained is to the effect that it was only a matter of a few days, probably three or four. He is having another meeting this afternoon and will report by wire if anything develops of interest to the committee in this respect.

J. G. PARMELEE,
Acting Deputy Minister.

Mr. Donnelly produced and filed with the committee a letter addressed to him by H. C. Beatty of Port Dalhousie, Ont., dated May 16th, 1931.

The committee then adjourned at the call of the chair.

A. A. FRASER,
Clerk of the Committee.



MINUTES OF EVIDENCE

HOUSE OF COMMONS,

THURSDAY, May 28, 1931.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., Thursday, May 28, 1931, Mr. Senn in the Chair, respecting Order of Reference of May 26, 1931:—

That matters referred to in Return Nos. 147-147A, be referred to the said Committee with instructions to examine such records as may by the Committee be deemed necessary, and to hear such witnesses as it may desire, and call for such papers in connection therewith, and to report to the House.

Hon. Mr. STEVENS: Gentlemen, let me make it perfectly clear to the committee at the outset that there is not the slightest desire to curb the investigation, but I do want the committee to be seized of the major facts of the case, and then in their judgment to decide whether they are going to put the country and parliament to a lot of expense which, possibly, would be unnecessary. I may say this, that the government has but one desire, or perhaps I should say two, first, that, as far as possible, the expense be kept down to a minimum and, secondly, that the widest latitude should be given to satisfy any reasonable requests in the matter.

Another point I would like to make at the outset is this: Reference has been made to examination of records. Well, I may tell the committee very frankly that if they want to examine records we can give them, I am told, some tons of them; but I ask the committee, in the light of the final statement which can be referred to and will be referred to, whether or not it is desirable to go back through original documents simply for the purpose of verifying what is presented or will be presented in the form of final records. Now, there are two divisions to this matter. One is the Board of Grain Supervisors, the other is the Wheat Board. The Board of Grain Supervisors were appointed in 1917 and consisted of certain gentlemen, and I will read their names for the sake of the records: Dr. Robert Magill, H. W. Wood, Samuel K. Rathwell, Thomas A. Crerar, William L. Best, John Charles Gage, William R. Bawlf, William A. Matheson, Lionel Clarke, Joseph Ainey and James Stewart. Dr. Robert Magill was the Chairman.

Now, in the course of my remarks there are certain documents that can be filed for reference with the committee, and placed at your disposal. Might I say this: certain facts I think ought to be considered by the committee very briefly. The Board of Grain Supervisors did not buy or sell wheat or flour; they simply supervised, laid down regulations as to how the trade should be carried, and the trade was actually carried on by those in the business. So that at once you can dismiss from your mind the question of whether the Board of Grain Supervisors as such made or lost money in the wheat business. Their whole financial transactions are incorporated in their statement audited by George A. Touche and Company, which statement I referred to in the House of Commons, and a copy of which I have in my hand now. "The Board of Grain Supervisors for Canada Report and Statements of Receipts and Disbursements for the Crop-Years 1917-1918 and 1918-1919, George A. Touche and Company with which is amalgamated Webb, Read and Company, Winnipeg." It gives a

complete statement of their financial affairs. I shall file this with the committee, but I shall refer briefly to the combined statement of receipts and disbursements. It will only take me a moment and it will make the situation clear as far as their financial transactions are concerned. Their total receipts consisted of \$10,478,259.02. These receipts were made up in this way. They assessed export grain sold to the Wheat Export Company four cents a bushel for the first year, and local grain two cents a bushel that year. They made a surplus in that way, and the second year they assessed the Wheat Export Company two cents a bushel. That gave them the revenue to which I have referred, ten million dollars in round figures. The disbursements included no salaries whatever. I wish that point emphasized. This board whose names I have read, acted without salary. It was a public service, and as such I think, ought to be appreciated. Their disbursements consisted of travelling expenses, wages and salaries to the staff and other incidentals, and the paying of carrying charges on grain that was handled or passed through their control. The total disbursements for carrying charges and sundry claims were \$7,357,328.88, and the total disbursement for administration expenses were \$183,727.37. Now then, the surplus was the difference between the seven and a half millions, roughly, and the ten and a half millions. They refunded to the Wheat Export Company, two and a half million dollars. These four cents a bushel were taken from the Wheat Export Company in addition to the price paid to farmers. The price paid farmers was fixed at a given point by Orders in Council, which will be placed before you later. The four cents a bushel was assessed from the Export Company, and was not taken out of the price paid to the farmers. They returned to them two and a half million dollars of the excess. They remitted to the Receiver General \$428,781.94, which is now in the hands of the Receiver General. They refunded to the Department of Trade and Commerce \$7,560.53, which the Department of Trade and Commerce loaned them to open operations when they started; and there was a small sum left with the Royal Bank for incidental expenses, \$860.30.

I shall file this statement, the details of which any of you may examine; but that is the final statement of the Board of Grain Supervisors, and comprises all of their financial activities in connection with their work. I shall leave to Mr. Tooley to submit to you the *modus operandi*, if I may so call it. Any questions you wish to ask he will be willing to answer, as far as he is able to do so. His position was secretary.

We have here the Orders in Council passed by the committee of the Privy Council—or at least, the orders of the Board of Grain Supervisors, and we also have the orders of the Wheat Board. There seems to be no question about the Canadian Wheat Board.

Mr. BROWN: None whatever.

Hon. Mr. STEVENS: I do not think so. I may say virtually all of the observations made by the hon. member from Lisgar, and my hon. friends who discussed this, have been verified by a perusal of the records. I would like to refer to one or two things which will clear up in the minds of some of the hon. members, the matter of those participating certificates, and how it now stands. That point might be cleared up, and we can make a very clear statement of it.

Mr. TUMMON: In regard to the auditor's statement there?

Hon. Mr. STEVENS: The only one that came into the hands of the Receiver General. I shall refer to that in a moment.

Mr. TAYLOR: May I ask the Minister who are the personnel of the Exporting company?

Hon. Mr. STEVENS: The Wheat Exporting Company consisted of, if I remember correctly, Stoddard, and a group of prominent men appointed by the British government. They represented the allies, acting with the British government's appointee. In other words, the Wheat Export Company was the Financial company with headquarters in New York, representing the Allies, the United States, and Canada. They had a sub-office in Winnipeg.

Mr. YOUNG: Who was in charge of the sub-office in Winnipeg?

Hon. Mr. STEVENS: James Stewart.

Mr. YOUNG: Was he acting alone, or did he have a staff with him?

Hon. Mr. STEVENS: I do not think he had a large staff of workers; I do not think he had any board. He was associated of course, with those people, but Stoddard, I imagine, is the head man of the Wheat Export Company, the head practical man.

It must be clearly borne in mind that the Wheat Export Company did not, in any sense, come under the government of Canada, or the government of the United States; they were representing the governments of Great Britain and the Allies.

Now, in 1927 an order in council was passed, winding up the activities of the Wheat board. I am reading this so that the committee will be seized of this fact, that this business was brought to a conclusion in an orderly fashion, if I might so state.

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 15th March, 1927.

The Committee of the Privy Council have had before them the report, dated 9th March, 1927, from the Minister of Trade and Commerce, stating that it now appears expedient to finally wind up the Canadian Wheat Board which was brought into existence by an order in council of the 31st July, 1919 (P.C. 1589).

The Minister observes that the Board was given power to take delivery of wheat, make advances to the producers, to store, transport and sell such wheat, fix prices thereon, etc., etc., in brief, to control the wheat and flour trade. Participation Certificates were issued to the producers of wheat, and the holders of these Certificates were to receive at the end of the season a pro rata share (based upon the number of bushels stated in the Certificates), of all moneys remaining in the hands of the Board received in payment of wheat delivered to and sold by the Board after deducting expenses.

The Canadian Wheat Board continued in operation until early in 1921, when it rendered its final report and deposited to the credit of the government the sum of \$560,000 in favour of the Receiver General—

That is the point I wish to refer to, that \$560,000 were paid to the Receiver General and distributed pro rata among the provinces. A further sum of \$173,000 was held, and is still held—when I say “held,” it is in the consolidated fund in the office of the Receiver General, so that the picture is this: the Board of Grain Supervisors turned into the consolidated fund \$428,000 in round figures. The Wheat Board turned in \$560,000, which was distributed among the provinces. There still remains another \$175,000 in the hands of the government. That is all of the money. There is one other point to which I should like to draw your attention, and I shall read you letters bearing further upon that; that the government of the day kept up the records in the office to try and pay every conceivable certificate that was entitled to consideration for five years after the last one was issued. And it cost them \$5,000 a year to keep up a staff, and the last year referred to here only \$1,300 was

presented. Now, the point I wish to make, gentlemen, is this, a person comes along with an interim receipt, or a certificate that he has found. The clerks have to check back through hundreds of thousands of documents to find out whether or not a duplicate had been issued, because perhaps it had been stolen or perhaps there is a duplicate issued, or this one may be honestly held, or it may not be. It may have been acquired in a horse trade, so that in order to determine whether it was justifiable to pay it or not, the clerks had to check their records, hence the expense entailed in following it up. Now, the operations of the Wheat Board were finally wound up, and the payment of participating certificates ended in September, 1927, by an order in council of the government of the day.

Now, I have one further point I wish to make, and it is this: the question has been raised, and quite properly, inasmuch as the discussion has been opened up, what about any certificates that may come to light. I will give you an illustration of this, because the answer given by the department, not since I have been in control, but in 1919, is I think, a very excellent answer, and I present it to this committee, not as my own opinion, but as the very considered view of trained officers of the Department of Trade and Commerce, having to do with this matter.

It appears that Mr. Motherwell and Mr. Young, a former member from Saskatoon, presented a participation certificate, or urged that a participation certificate that had been presented should receive consideration. I read this answer so that you may have in a concise form before you the considered view of this case. Every consideration was given to this matter and this is the answer. This is a letter addressed to Mr. Motherwell, Minister of Agriculture, September 4th, 1929, file No. 24181, with the heading "Wheat Participation Certificates Mr. W. R. Patterson."

DEAR MR. MOTHERWELL:

In Mr. Malcolm's absence I beg to acknowledge the receipt of your letter of August 31st with regard to participation certificates held by Mr. W. R. Patterson. I shall be glad to bring your communication to Mr. Malcolm's attention immediately on his return to Ottawa, but may I state that the position is an exceedingly difficult one. In advance, therefore, of any action by Mr. Malcolm I thought it well to let you have the facts.

Mr. Patterson held Certificate No. 375584 for 848 bushels, issued on December 9th, 1919. The interim payment on this was 30 cents, or \$254.40 and the final payment 18 cents, or \$152.64, making a total of \$407.04. These certificates stated on the face that they were to be presented on or before December 31st, 1920. The government, however, continued payment of the Participation Certificates as many thousands were outstanding; but the time came when almost eight years had elapsed since Participation Certificates were first issued, and for the fiscal year ended March 31, 1927, Certificates amounting to only \$1,365 were presented and paid, whereas it was costing over \$5,000 a year to maintain a staff familiar with the records to certify to the Certificates and authorize payment thereof. There was a tremendous lot of book-keeping involved as all certificates had to be checked before payment was made, and in many cases farmers claimed that their certificates had been lost for which duplicates were issued and then the original certificates turned up for payment.

The question of the outstanding Participation Certificates was given wide publicity in the press, and discussed in Parliament, and finally an order-in-council was passed on March 15, 1927, limiting the time within which the Certificates would be honoured till the first September, 1927.

Again the matter was referred to throughout the western press, resulting in a large number of certificates being presented and paid. With the passage of that Order-in-Council however, all money in the hands of the Wheat Board were turned into the Consolidated Revenue Fund. A great many certificates have been refused payment since; in fact there are still outstanding \$195,000 worth of Participation Certificates.

It would take a special vote of parliament to make an appropriation to meet payment on Mr. Patterson's certificate, but that, I need not point out, would create a most embarrassing situation throughout the west if all the others that were presented were not paid. Many of these may have been destroyed since the owners were officially informed that payment of Participation Certificates had ceased. To continue payment of Certificates would necessitate re-establishing an office and the examination of nearly twenty tons of records. Mr. Tooley of Winnipeg, who was the Secretary of the Wheat Board, told me once in conversation that at times it took several days, and in fact weeks to certify to some of the Participation Certificates, especially where legal technicalities were involved, or where they had changed hands two or three times before being presented. To illustrate some of the difficulties involved I may quote from a letter received from the Secretary of the Canadian Wheat Board dated April 20th, 1926:

It is true that very few payments have been made on Participation Certificates within the last year, and judging from that position alone, it would seem extravagant to continue this office here. However, for each payment actually made I receive four or five claims which are abortive, and so that you may understand how such contingencies arise I herewith give you a few details.

A Certificate before becoming a negotiable document requires to be registered with the Board. Every farmer, however, was entitled to receive a Certificate as a protection to him, between the time his wheat was delivered to the Board, through the Board's Licensees, and the delivery to him of a registered Certificate, he was given a receipt form. These receipt forms required to be surrendered by the farmer when he received his Certificate, but unfortunately in lots of cases he failed to do so, having lost or mislaid it, and duplicate receipts were therefore issued. Farmers are still unearthing receipt forms and forwarding them here in the hope they may be of value.

Other farmers, when the time for payment on the Certificates arrived, claimed to have had their Certificates destroyed by fire or otherwise lost, and in these cases the Board issued duplicate Certificates, taking bonds from the farmers as a protection against the original being negotiated. In a number of instances I am still receiving Certificates against which duplicates had been issued and payments made. Such receipt forms and Certificates are, of course, of no value, but each case requires investigation.

Other farmers, while they have no documentary evidence, claim to have delivered wheat to the Board and to have received no payment on Participation Certificates, and as such claims may be quite genuine, each claim is investigated and reported upon.

Unless the Certificate itself is produced, search requires to be made through the Licensees Registers, the Certificate Registers, and the lists of Requisitions submitted by the Licensees with the Certificates for registration. There are four Licensees Registers, twenty Participation Certificate Registers containing in the aggregate over 900,000 Certificates, and the requisition forms number about 80,000....

Our records further include Participation Certificates numbering over 10,000 which have never been claimed by farmers and cheques against Participation Certificates still outstanding.

It would apparently, therefore, be a hopeless task to attempt to re-open the organization with a new staff knowing nothing of the records for the purpose of continuing payment on Participation Certificates."

I have read this probably too rapidly, but I am sure the committee will gather from this the tremendously complex nature of trying to run down a Participation Certificate that may turn up to-day, ten or twelve years after it was issued, and the necessity, in justice to the country, and to other individuals to demonstrate actually that the certificate is a genuine one and entitled to consideration. It is almost a hopeless task; hence you will see from this letter the wisdom of the government of the day in bringing the matter to a finality by passing the order-in-council, which I read to you a moment ago.

Now, Mr. Chairman, I have gone hurriedly over just a few of those documents. If the committee desires them, there are files which I have unearthed since the discussion arose, and books and records, which, due to the matter having been finally brought to a conclusion, officers of my department did not realize were available, except the records which I referred to in the House. We have unearthed files, and I have gone through them, spent hours going through them, and I want to tell the committee very candidly I could find nothing that I could bring before the committee that is of interest, or that would warrant in the slightest degree the statements made or innuendos contained in Mr. Whiteside's letter.

Now, I would suggest, Mr. Chairman, to the committee, that, before you put the government or the country to more expense in this matter, if they are not satisfied with what I have presented and what Mr. Tooley will be able to present in a moment, a sub-committee might be instructed to examine the records, or something of that kind. But I ask the committee, before they start on an objectless search—I would say objectless, because I assume there are no charges, by wandering through those records with the hope of finding some help, I must say is, to my mind, going to be very costly and more or less useless. We have had the files examined, but our examination of the records, as far as we have been able to go into them in the limited time we have had, has disclosed to us nothing; and I think the reading of those final records will give to you a pretty complete idea of the business like manner in which the affairs were handled.

Here is a statement of all the orders-in-council and board regulations, which are here for your perusal.

I should like to emphasize what I have already stated regarding Mr. Tooley. He has come here as an act of courtesy and at my personal request; he did so at great inconvenience to himself. He has his own business affairs; he is head of a business and it means a great inconvenience and loss to him to come here. What he is doing, he is doing gratuitously for the committee. I hope the committee will receive him in that spirit and he has expressed to me a desire to get away as quickly as he can. I shall, Mr. Chairman, now ask that Mr. Tooley might be heard, and I think perhaps the most useful thing is, if there are any questions pertaining to the matter, Mr. Tooley will be glad to answer them.

MR. VALLANCE:—Before Mr. Tooley addresses the committee, may I point out to the committee that I know quite a number of members of this committee who have become confused in their mind, and think that there were two different organizations that dealt with the 1916, 1917, 1918, and 1919 crops. What was done with the 1917 and 1918 crops by the Board of Grain Supervisors is what we are interested in, and I would suggest to Mr. Tooley that as far as the 1919 Wheat Board report, he take it as read.

The CHAIRMAN: Is it the pleasure of the committee to hear Mr. Tooley?

Mr. BROWN: I would suggest Mr. Tooley be allowed to make his statement, and be questioned later.

Mr. H. TOOLEY, called.

The WITNESS: I shall deal with the Board of Grain Supervisors for Canada, and leave the Canadian Wheat Board entirely alone at the present time.

The Board of Grain Supervisors for Canada was appointed under order-in-council dated June 11, 1917. They handled the 1917-1918 crop, and the 1918-1919 crop. During the crop year 1917-18, the Board of Grain Supervisors fixed the price of number one Manitoba Northern wheat on a basis of \$2.21 per bushel in store public terminal elevator at Fort William or Port Arthur, and also fixed lower grades on a relative spread basis. During the crop year 1918-1919, the price was fixed on the same basis at \$2.24½ cents per bushel.

The above were the fixed prices paid to the producer for his wheat no matter when delivered during the crop years designated.

The Board, during the crop year 1917-18 collected a sum of two cents to two and a half cents per bushel on all wheat ground by flour mills and four cents per bushel on all wheat exported from Canada. For the crop year 1918-19 three cents per bushel was collected on both wheat ground by mills and on wheat exported from Canada. The sum of \$10,320,151.06 was collected under these assessments and after payment of carrying charges on wheat stored in country elevators and for eastern mills stored during the closed season of navigation and the administration expenses of the Board, there was left a surplus of the two years combined of \$428,781.94 which was remitted to the Receiver General for Canada. That was the total surplus accrued from the carrying charges, which was turned over to the Receiver General.

During the crop years 1917-1918, and 1918-1919, the Board prohibited all exports of wheat from Canada, excepting under licence of the Board. Licences were only given to producers residing close to the international boundary line where the United States market was closer than the Canadian.

All the wheat for the crop years referred to, exported from Canada, was made through the Wheat Export Company. The Wheat Export Company were the representatives of the British government, and performed a function of sole exporter of wheat from the Dominion to the United Kingdom, France and Italy. The Wheat Export Company was simply one of many grain purchasing agencies, which the British government established in every accessible grain exporting country throughout the world during the war, and its head was the Royal Commission of Wheat Supplies in London, England. The Board of Grain Supervisors assembled and distributed wheat within the Canadian territory through the regular grain trade channels and through the wheat export company, taking charge of the exportable surpluses of the crops of this country that were marketed during the two seasons of 1917-18. During these two years the price of wheat in Canada, as in the United States, was fixed on the guarantee of the Federal Government. The Wheat Export Company took delivery of the wheat in store Fort William at the fixed prices of the Board and assumed all charges from them on until the wheat was delivered at sea-board ports. The producers received the full amount as designated by the fixed prices of the Board, the assessments, as stated, having been collected from the flour mills and the Wheat Export Company.

As the Wheat Export Company were the purchasing agents for the British and Allied Governments as far as the Board of Grain Supervisors were concerned, it was assumed they made no profits out of the transactions but turned the wheat over to the governments at the fixed prices of the Board plus transportation costs and charges.

I think it well to point out that during the years covered by the operations of the Board of Grain Supervisors, ocean transportation was a very large factor in the marketing of grain and it was only through the British Admiralty supplying vessels at the sea-board that Canada was able to ship. Australia, during the same period, had wheat to sell, but owing to distance and transportation risks, were heavily handicapped and considerable Australian wheat during the period was severely damaged by weevil before the British Government could supply vessels to move same.

The Board of Grain Supervisors made no profit on the wheat handled during the years of its operation and as previously stated, the surplus over carrying charges collected amounting to \$428,781.94 was turned over to the Receiver General of Canada. No moneys were turned over by the Board of Grain Supervisors for Canada to the Canadian Wheat Board. The Wheat Board followed. I do not know, gentlemen, whether that covers the information you want. If not, I will endeavour to answer your questions.

MR. BROWN: If Mr. Tooley is through making his statement, I would like to ask him in regard to the 1916 crop. What became of that part of the 1916 crop that the government handled after it was taken into their hands? It is only gradually that I have been able to get a proper effect of the matter in my mind, but my recollection is that the government commandeered a part of the 1916 crop. Then, later, I think the Board of Grain Supervisors was established on the 11th June?

MR. TOOLEY: The 11th of June.

MR. BROWN: This wheat was fixed then at the price of \$2.40 a bushel which I find was part of the 1916 crop. Now, is that included in the records you have given us? Here is the point I want to make in the matter: Mr. Whiteside has given certain figures touching the fiscal year of 1918, but he does not take into account—and I think he should have taken into account—the fact that that wheat was bought, at least part of it was bought at a higher price than \$2.21, the amount paid to the farmer. Will you explain that matter with regard to that part of the 1916 crop which was handled under government supervision?

MR. TOOLEY: Well, I will read an extract from the report of the Chairman of the Board, Dr. Magill.

MR. VALLANCE: Before you answer Mr. Brown, just when did you become Secretary—on June 11th?

MR. TOOLEY: No, I was not the first Secretary of the Board of Grain Supervisors.

MR. VALLANCE: Would the Secretary who preceded you have any knowledge as to the question Mr. Brown is asking? Would the Board handle what was commandeered, or did some other body handle it prior to the bringing about of the Board of Grain Supervisors? There are one or two points we want to clear up, and that is one of them.

HON. MR. STEVENS: It can be cleared up. I do not want to saddle Mr. Tooley with the responsibility. I will take the responsibility for reading this if I may be permitted, and I will answer the question. I am now reading from a report of the Board of Grain Supervisors which report was written by Dr. Magill. It is dated Winnipeg, March 17, 1920. It is an official report signed by Dr. Magill, and it was tabled in the House, by the way, two weeks ago.

It was tabled for the convenience of the members. However, Dr. Magill gives a very interesting statement of the whole situation. The heading is "The Balance of the Crop of 1916," and I think that is what Mr. Tooley referred to. It is on page 3 of the report:—

Great Britain and her allies needed the whole of the balance of the crop of 1916, and the United States did not need any of it. The Board took measures, therefore, to sell the whole of the remaining exportable surplus to the Wheat Export Company for shipment overseas. In doing so the Board protected such contracts as had been previously made with buyers in the United States, and it did not interfere with the courtesy custom extended to wagon-loads hauled across the boundary line to nearby American elevators. Upon the balance of wheat remaining the Board fixed a maximum price of \$2.40 per bushel for One Northern Wheat in store Fort William, and at that price, with commercial spreads for lower grades, sold the balance of the remaining surplus of wheat to the Wheat Export Company.

Now, that is the statement of Dr. Magill. May I refer also to a statement to this effect, and I think this will throw light upon this point. He says:—

This disintegration appeared dramatically in Winnipeg in the spring of 1917. During the previous winter months, the agents of the Allied Governments had bought wheat freely

that is the winter of 1916-17—the winter that the Board of Grain Supervisors was appointed.

. . . . bought wheat freely to be delivered in May and July. They bought this wheat mainly, if not altogether, from the operators of country elevators, who as they bought wheat from the farmers from day to day, sold it for May and July delivery. Neither the buyers for the Allied Governments nor the elevator operators who sold the wheat were gambling in futures. The buyers were providing to the best of their judgment for the future needs of the countries they represented, and the sellers were securing their loans from the banks by hedging their purchases in the only way known to commercial men of providing against risk.

Now, here comes the important point:—

These future contracts called for grades 1, 2 and 3 Northern. It turned out that much of the wheat thus sold or hedged did not measure up to these contract grades. As a rule, and under normal conditions, this presents no great difficulty, because the buyers are willing to accept lower grades on the contracts at fair discounts. This, indeed, is a well-established commercial practice. In the spring of 1917, however, the British representatives intimated that they were unwilling or unable to accept grades at discounts, and that they would require the contract grades. This forced the sellers to try to buy the higher grades on the open market, with the result that the prices of these grades went skyrocketing. As prices soared the sellers were called for increasing sums of money, and the limit of their credits was soon reached. In effect the market was cornered and a disaster upon a large scale was impending.

To avert this the Winnipeg Grain Exchange investigated the conditions, found them as above, closed the market for futures, and by the aid of the Dominion Government secured the consent of the British authorities to a settlement along commercial lines.

That is the point that Mr. Vallance mentions. I will repeat it:—

. . . . The Winnipeg Grain Exchange investigated the conditions, found them as above, closed the market for futures, and by the aid of the Dominion Government secured the consent of the British authorities to a settlement along commercial lines.

That is, there was a settlement and they accepted the lower grades at a discount in place of One, Two, Three.

As a result the British accepted the lower grades of wheat on the contracts at fair discounts, the discounts were speedily fixed and the situation cleared up.

Now, I think that is all the Dominion Government had to do with the marketing of the crop that year. I am at this stage referring to Mr. Whiteside's own figures on the matter which were referred to a moment ago. If I might read from Mr. Whiteside's own figures, I will not read the high and the low; I will not read it all; but I will give you his figures. I will give you the average, and I will put the whole statement in, and it can be examined. He starts with August, 1916. The average was \$1.28 $\frac{1}{4}$; September \$1.54 $\frac{7}{8}$; October \$1.74 $\frac{1}{2}$; November \$1.95 $\frac{1}{4}$; December \$1.75 $\frac{1}{2}$; January, 1917, \$1.79 $\frac{1}{2}$; February \$1.69 $\frac{3}{8}$; March \$1.87 $\frac{1}{2}$; April—this is where we get to the point where the market was cornered—April \$2.30; May \$2.72 $\frac{5}{8}$. That is when the farmers were delivering their wheat and when the dealers had cornered these high grades because of the prevalence of the tough grades in the west. April \$2.30, May \$2.72 $\frac{5}{8}$; June \$2.46 $\frac{1}{2}$, July \$2.36. August, 1917, the price was held steady at \$2.40. Now, these figures of Dr. Magill taken together with Mr. Whiteside's own figures—I am not vouching for these, but he gave us them himself, and these are the figures upon which he intimates that he wasn't getting a square deal, which, I think, makes it fair to introduce them—would indicate that because of the shortage of high grade wheat in Western Canada in the winter and spring of 1916-17, the wheat market then being open and being free trading, there was a corner in wheat in the spring of 1917, which was overcome by the Grain Exchange closing its future sales, and the British Government assisting those involved to come to an understanding by taking the lower grades in lieu of the higher grades. Now, that is the situation as far as the balance of the 1916 crop was concerned.

Mr. VALLANCE: Mr. Chairman, there is no doubt that somebody on the floor of the House during this discussion misled the House when he made the statement that he sold that part of the crop for \$3 a bushel. Now, somebody is wrong and somebody is right, and I am not in a position to say who. Mr. Rogers on the floor of the House said they sold it for \$3 a bushel. That was his own statement. He quoted, I suppose, from a memorandum he held in his hand. We asked that that might be tabled. I do not know whether it was tabled or not. We have the information from the Minister, that it certainly was tabled. Mr. Totzke tried on several occasions to get hold of that, and he could not get it. I am not blaming the Minister, nor anyone else. So far we have not been able to get it. I am not doubting the Minister's statement or that of Mr. Tooley. He says he has no knowledge of that portion of the crop that was commandeered, but I think he will have some knowledge of the marketing of the 1917-18 crop, and it has already been stated that the Board of Grain Supervisors did not sell to the Export Board all the 1917-18 crop or all of the 1918 crop. There was a period when the crop was sold on the open market, and then again the British Government stepped in, or the Export Board, and realized that they could take all the crop and they again stepped in and took the crop. The government, at a certain period during the crop year of the marketing of the 1918 crop stepped in and sold a portion of western Canada's wheat on the open market because of the fact that the Export Board would not enter into an agreement to pay the fixed price. Then they found that they needed the wheat, and the new agreement was entered into whereby they took the wheat at a fixed price. Probably Mr. Tooley can explain just what they did on the open market with that portion of the wheat they sold.

Hon. Mr. STEVENS: I think Mr. Rogers referred to what I was referring to here, that the British Government and the Canadian Government got together when this jam occurred in the spring of 1917, due to the cornering of the market, and they facilitated, to use Dr. Magill's own word which I read a moment ago—they facilitated the handling of that wheat. I think, Mr. Vallance, that primarily is the official statement of the incident referred to.

Mr. VALLANCE: Are you assuming that the Hon. Robert Rogers got up in his place the other night just simply—

Hon. Mr. STEVENS: No; but there must be an element of fairness in this matter. Mr. Rogers undoubtedly rendered a tremendous service to western Canada when he went to London. He was in London at the time mentioned, coinciding with this condition in the market. That is, our people contracted to deliver One, Two and Three, and they could not deliver it. British buyers were afraid of the tough wheat. They even went so far as to say that they believed tough wheat could not be shipped.

Mr. BROWN: Mr. Rogers played a part only in connection with the 1916 crop.

Hon. Mr. STEVENS: Dr. Magill says:

To avert this, the Winnipeg Grain Exchange investigated the conditions, found them as above, closed the market for futures, and by the aid of the Dominion Government—

By the aid of the Dominion Government, the Hon. Robert Rogers "secured the consent of the British authorities. . . ." I think it was Mr. Lloyd George, because Mr. Rogers has told me the whole incident. . . . "to a settlement along commercial lines." Now, what are commercial lines? What Dr. Magill described in the matter I read a moment ago, that where our people could not deliver a given grade which they had contracted to deliver the commercial practice is to accept a lower grade at a discount. Now, the British did that. There was one condition which Mr. Rogers guaranteed, and that was that the wheat would carry safely to the other side. He pledged the government on that. No implementing of the pledge was ever called for, but it did make for the successful sale of that wheat. And all of this was done on the open market before the Dominion Government controlled the crop at all.

Mr. VALLANCE: I would like to know who it was that sold that wheat when it was sold on the open market, and what was the price received for that portion that was sold on the open market.

Hon. Mr. STEVENS: For what period?

Mr. VALLANCE: The 1918 crop. The export Board refused to take the wheat at the market price; they thought they could buy it cheaper than the market price. We sold a certain portion of that crop. The government stepped in then and gave a guarantee of \$2.21, and then the Export Board stepped in again and thought they could get it at \$2.21, at the prevailing prices. I want to know what they got for that portion of the crop and who sold it.

Hon. Mr. STEVENS: I think what you refer to was at the instance of the Wheat Board.

Mr. VALLANCE: No, that was before the Wheat Board ever came into operation.

Hon. Mr. STEVENS: The Board of Grain Supervisors did not buy and sell grain.

Mr. VALLANCE: Somebody sold grain; who sold it? We did not.

Hon. Mr. STEVENS: All of the grain was handled by the dealers. Dr. Magill refers to that in his final report here. He says there were two ways: one way was for the Board to buy; the other way was to let the trade operate. He said that they decided to let the trade operate and not to buy at all.

Mr. TOTZKE: Did the Board of Grain Supervisors exercise any control over the price that this Export Company sold the grain at. I am speaking with regard to the period of 1918 when the British and Allied Purchasing Commission was not buying at the fixed price. Grain was sold on the open market. Now, during that period our government had fixed the price to the farmers, and there was a certain amount sold at that time on the open market. What I want to know is what price was that sold at, who was it sold by, and if there was a profit, who got the profit? If there was a deficit, who took the deficit? Because during there must have been either a profit or a deficit during that period.

Hon. Mr. STEVENS: This I think will cover it:—"Guaranteeing the Price." That is the heading of this section of Dr. Magill's report. He says this: "Naming a price is one thing; it is quite another to find a purchaser who will contract to take the article at the price fixed throughout the whole of the twelve months. For the crop of 1917 there was no difficulty in this respect. The Allies needed the whole exportable surplus wheat of Canada. They were willing to buy the whole surplus at the price fixed, and they gave a guarantee to that effect. In this respect wheat was in a different position from coarse grains." The price was fixed by the Board of Grain Supervisors. Now, that was for 1917. Then Dr. Magill goes on:—

- It was different with the crop of 1918 . . . and I think you will find that this will completely clear the point—No guarantee was obtained from the representatives of the British Royal Commission with regard to the surplus of the crop of 1918, and when the Armistice was signed there was considerable difficulty in selling the balance of wheat still remaining in Canada. Having, however, fixed a price for the wheat of 1918, and having arranged for the purchase of wheat from the farmer by the trade on that basis, a guarantee was necessary, and it was given by the Dominion Government.

We have got it straight to that point. Fortunately the allied countries needed the wheat, and in the end the balance of the crop of 1918 was sold at the fixed price.

Mr. VALLANCE: The balance?

Hon. Mr. STEVENS: Yes.

Mr. BROWN: The balance?

Hon. Mr. STEVENS: Yes. The point is this: in the early part of 1918 they operated—that is, before the close of the war—on the original Board of Grain Supervisors system. That is, the Wheat Export Board finally took it at the fixed price and guaranteed to give that price. Then, we came to the Armistice, and the market was open. We came to the Armistice or shortly afterwards and the British authorities said, "No, we won't guarantee to buy it at that price, the market may fall, the seas are open, and we may get supplies elsewhere," and they expected to. Dr. Magill goes on and says this, "Canada having, however, fixed a price was morally obliged to discharge it with the farmer," and some one had to guarantee it. The British authorities refused, the Dominion government of the day gave the guarantee that was necessary; that is to say, established the price then, \$2.24½. The Dominion government said, "We will give you \$2.24½ for this wheat crop, no matter what happens." Had there been a surplus on the world market; had there been other supplies available, the Dominion government would have been stuck for the loss, whatever it was. Fortunately, as Dr.

Magill says, the allied countries needed the wheat; there was not a surplus elsewhere; they needed the wheat, and they took all the Canadian wheat, and the balance of the crop year of 1918 which we have been dealing with, was sold at the fixed price and the Dominion government was not called upon to make up the necessary difference.

Mr. TOTZKE: There was a period in that year during which wheat was being sold on the open market.

Hon. Mr. STEVENS: You are quite right, but you are overlooking one thing, gentlemen. There was a period when the British said, "No, we will not buy on a closed market."

Mr. TOTZKE: How long was that period?

Hon. Mr. STEVENS: We do not know; but it had no effect. It had no effect; it may have been a week; it may have been two weeks. Mr. Tooley says he thinks he can give you the information on that.

Mr. TOOLEY: During the period that the British government were not taking the wheat the grain trade through the regular machinery continued to collect this wheat under the guarantee of the Board of Grain Supervisors and the Canadian government. Subsequently, this wheat was all turned over to the Export Company, when the British government changed its mind.

Mr. TOTZKE: It was not sold on the open market at all?

Mr. TOOLEY: So far as I know, no.

Mr. VALLANCE: You say the Grain companies continued to take the wheat at the guaranteed price of \$2.24½; that is, guaranteed by the federal government. Your contention is, you say, you are not positive that wheat was sold or not. We will say it was not sold. Then, after the Allied governments stepped in and said, "I think we will take it." I have had a little to do with the grain business, and I can foresee where the grain trade, even with the guarantee, would not hold unless they had some knowledge that the allied nations were considering taking it. Now, the only point we want to clear up, or at least I do, is how long that period was that the wheat was held or collected without the knowledge that the allied governments were going to take it. In this memorandum Dr. Magill himself says that the balance of the wheat was sold—

Hon. Mr. STEVENS: Fortunately, the allied countries needed the wheat.

Mr. VALLANCE: And the balance was sold. What became of that portion that was not in the balance?

Mr. TOTZKE: What portion of the 1918 crop was sold on the open market? That is the point we want to clear up. I do not think there is any question about the Board of Grain Supervisors operating in 1918, but we have been informed that a certain amount of wheat was sold in the open market, and that is what we want to clear up. Sir George Foster says in one of his letters that a portion of the 1918 crop was sold on the open market, and until that is cleared up, the western farmer will not be satisfied.

Mr. VALLANCE: You will find a letter from Sir George Foster where he states a portion of the 1918 crop was sold on the open market, as customers came forward, or something to that effect; that wheat was sold at different times and at different prices. We want to know now whether we can get a report of how much was sold, and what it was sold for, or not.

Mr. TOTZKE: Would it be possible to get the report from the Export company?

Hon. Mr. STEVENS: I submit this to you, gentlemen, very very earnestly. The Wheat Export Company were the agents of the allied governments. If we

suggest that the Wheat Export Company or the allied governments did not act in absolute good faith with this—

Mr. TOTZKE: I think we can get the Export company to inform us of the period in which they were not buying at the fixed prices.

Hon. Mr. STEVENS: We have no right whatever to call on them. I think Mr. Totzke's and Mr. Vallance's question is really completely answered, with this possible exception, in the report rather than in actual dates and figures. If you will read Dr. Magill's report—and mind you, this report of Dr. Magill was written without the slightest anticipation of his language being, shall I say, challenged as to its precise character—it is not in the nature of a reply to anything. But if you will take his language, and keep in mind this, that they start the year with a guaranteed purchase from the British government and a fixed price by the Canadian government, and the business is running along smoothly through the ordinary channels of trade and the grain companies are handling this grain; and the Armistice comes more or less unexpectedly. As a matter of fact, reading of the official records indicated this; that Great Britain and the Allies were preparing for the continuation of the war through 1919, and did not expect the Armistice until just a few days or a few weeks before it actually came. Before anybody expected it or anticipated it, the Armistice comes like a bolt from the blue. What is the result? Naturally, when the Armistice comes, the markets are thrown open, the seas are free, we can go anywhere we please. The markets of Russia and other countries are available, and the British, good traders as they are, said, "Well, here. We are not going to guarantee to pay you \$2.24½, or whatever price you wish when we may be able to get wheat cheaper; we are going to hold off." And they held off. The Canadian government recognizing the farmer was depending on them, and owing to the system having been inaugurated said, "We are going to pay for the rest of this crop. This is the price we have fixed for the wheat crop, and we will take it." If the market falls the Dominion government says, "We will take the loss." Now, then, there was no taking over of the grain; it was just simply a continuation of the guarantee, and that the Dominion government would stand by the agreement they had made. Well then, while this was going on, a matter of a short time, we do not exactly know how long it was, it might have been a week or two, but a very short time, they discussed the matter, and the British came along and said, "We are prepared to take your wheat, and we are prepared to pay the price."

Mr. TOTZKE: That is the whole crux of the matter, the length of that period. Was any wheat sold during that period?

Hon. Mr. STEVENS: If you will just give me your attention, gentlemen, if Mr. Vallance will give me his attention, I cannot give you any records for this reason. All our records were with the Board of Grain Supervisors. I say this, I can find no record of any wheat being sold by the Board of Grain Supervisors, and it is declared that they did not sell—

Mr. VALLANCE: That is what I want to know. I am not saying that they did sell it, but I say somebody sold it, according to the information given by the then Minister of Trade and Commerce, Sir George Foster.

Hon. Mr. STEVENS: What was the reference, Mr. Vallance?

Mr. VALLANCE: I have not got the file.

Hon. Mr. STEVENS: Do not forget this, if you take Mr. Whiteside's letter and Sir George's—I think that Sir George Foster deserves tribute for the patience with which he dealt with the correspondence.

Mr. VALLANCE: I will agree with that.

Hon. Mr. STEVENS: He exhibited lots of patience with Mr. Whiteside. He made just one little slip, apparently. We cannot find anything in the records to justify Sir George having written what he did. He was dictating a long letter to a man who writes extraordinary letters, to put it mildly, and he unfortunately made this slip. Now, surely, in the absence of any record at all, or any evidence at all, we are not going to take one remark in Sir George's letter and—I know of no record, and I know of no place where you can get a record which will answer the question in the light of that quotation.

Mr. TOTZKE: Surely you can tell what the length of the period was?

Mr. TOOLEY: It was a very short period, but I cannot remember; two or three weeks, at the very outside.

Mr. TOTZKE: Do you know if there was any grain sold?

Mr. TOOLEY: So far as I know, no.

Mr. VALLANCE: We come to a point where the British government says they can buy wheat cheaper than \$2.24½ which was guaranteed by the Canadian government, and then they realized that they could not do that, so again the Canadian farmer was gypped. I say "gypped" because he did not get the full price, and he was the only person that was gypped during the war in trade and commerce.

Mr. CAMPBELL: Is not this a fact, there was no period at all in that year in which there was an open market in Canada, no period at all?

Mr. TOOLEY: Absolutely.

Mr. CAMPBELL: There may have been an open world market, but not a Canadian market.

Mr. TOTZKE: There was not an open buying market.

Hon. Mr. STEVENS: We say this, that so far as we can find from the records there was no wheat sold, and we say further that the Dominion government guaranteed during that period and the British government guaranteed the price; in other words, the Dominion government guaranteed both ways, guaranteed the farmer his price, and guaranteed the price to the seller.

Mr. TOTZKE: Is there a record of that fact; that the wheat, if there was any shipped from Canada to Great Britain and to the Allied countries during that period, was sold to the Allied countries at the guaranteed price?

Hon. Mr. STEVENS: All I can say is that every record I have pursued indicates this, the case of guaranteed price is the price upon which all of our wheat was sold. There was a short hiatus where the British authorities hesitated—that is what you can call it, because they came back.

Mr. TOTZKE: I should like to know the length of that period during which the British government was not buying at the guaranteed price.

Mr. BROWN: Perhaps the figures I have here may be of some help. The figures for the fiscal year 1919, which of course includes part of the 1918 crop, show the amount of wheat delivered in the fiscal year 1919 to be 41,080,897 bushels, and the total amount received, \$96,985,056 which makes it \$2.31 a bushel. Now, the number \$2.31 is the average price received from Great Britain—

Hon. Mr. STEVENS: What year?

Mr. BROWN: The fiscal year 1919, which includes part of the 1918 crop. That works out to \$2.31 for all grades of wheat, while the \$2.24½ was for the highest grades, so you see there is a spread there. When I came to deal with

the fiscal year 1920-21 the figures were so confusing to me I could not come to any conclusion whatever, because they worked out to less than what the farmer actually received.

Hon. Mr. STEVENS: Mr. Brown, do not forget you are carrying your deductions into the year of the Canadian Wheat Board, are you not?

Mr. BROWN: Not so far as the fiscal year 1919 is concerned. There is no wheat market in March.

Hon. Mr. STEVENS: No.

Mr. YOUNG: You stated the price in Canada was \$2.21 in 1917, \$2.24 in 1918. What was it in the United States during the same year?

Mr. BROWN: That does not enter into the argument at all.

Mr. TOOLEY: Practically the same price.

Mr. YOUNG: Any difference owing to the difference in quality?

Mr. TOOLEY: Fixed prices on wheat, 1917 crop: United States (basis Duluth and Minneapolis):

1. Dark Northern.. . . .	\$ 2 21
2. Dark Northern.. . . .	2 18
3. Dark Northern.. . . .	2 15
1. Dark Hard Winter.. . . .	2 21
2. Dark Hard Winter.. . . .	2 18
3. Dark Hard Winter.. . . .	2 15

Mr. VALLANCE: Mr. Tooley has all the prices from 1916, 1917, 1918, and 1919. We will revert back again to the portion of the 1916 crop. I suppose you will have it all there. A portion of the 1916 crop was covered in the report.

Mr. TOOLEY: I do not remember it.

Mr. VALLANCE: The Minister stated that the grain was cornered because of the fact that they could not deliver. They could not deliver it and they would not take any lower grade in substitution. I should like to get now, if it is possible, the relationship regarding prices that existed between lower grades and the top grades, because my experience as a farmer of western Canada of 25 years is, when number one goes to \$3, number four and number five go up equal to it.

Hon. Mr. STEVENS: There is the commercial spread.

Mr. BROWN: Spreads get very wide.

Hon. Mr. STEVENS: The spread is governed by the quantity of the different grades. For instance, if there is a scarcity of number one and two and a lot of number four and five, then the spread is going to be wider than if there is a small portion of number four and five and a heavy portion of number two.

Mr. YOUNG: We are told that there were four cents levied on the export wheat and two cents on the local wheat. If we knew exactly how much each of these different classes yield in revenue we may have an idea of who owns that \$428,000.

Hon. Mr. STEVENS: I would say to Mr. Young that after giving this very very careful consideration, I agree with him in his observations. I think that the \$428,000 belongs to the Wheat Export Company. When I say "belongs to the Wheat Export Company" it really can be considered as a surplus left over. They made a settlement with the Wheat Export Company on a two and a half million dollar basis, so that everybody was satisfied, and this has gone into the consolidated fund. Compared with the whole transaction of

handling 335,000,000 bushels of wheat in that period, it is a comparatively small amount; and bearing in mind this, that as far as the Dominion government is concerned, and the Board itself is concerned, there were no salaries paid, all the service of the whole paraphernalia was given free to the government.

Mr. TOTZKE: I would like to ask the Minister if he is tabling a report of the documents along with the other documents?

Hon. Mr. STEVENS: Yes.

Mr. TOTZKE: I would then suggest that the committee adjourn to a future date in order to give us a chance to go through the documents that are before the committee. I think I can also suggest that perhaps Mr. Tooley need not stay any longer because he apparently does not know anything about the very thing that we want to investigate, that portion of the 1918 crop which is supposed to have been sold on the open market.

Mr. VALLANCE: Would the grain trade have the right by the Government to sell wheat on the open market for what they could get with the assurance that they could not get less than this \$2.24½?

Hon. Mr. STEVENS: May I clear that point. The secretary advises me that whatever happened in that period that we are discussing, that nebulous two or three weeks, not a bushel was sold to anyone else except the Wheat Export Company. What he said a while ago was this. He did not think there was any, or very little, if any, sold during that period, because the Wheat Export Company were refusing to guarantee. We were contending with them—when I say we, I mean the Canadian people, the Canadian government—we were contending with them that they could guarantee it to the public, and they refused. During that time it is reasonable to assume none was sold but it certainly was not sold to anybody else. That, I think, we can make clear.

Mr. TOTZKE: If the Allied Purchasing Commission were not guaranteeing the price, it stands to reason that the Purchasing Board would not be purchasing during that period.

Mr. VALLANCE: If they were purchasing wheat, we have no knowledge as to where they were going to sell it.

Hon. Mr. STEVENS: I think this point should be appreciated by the farmers of the west: in that period the Dominion Government said, "we will take this up with the Wheat Export Board and we guarantee not only that your price shall be so much, but we guarantee that it realizes that much. If it realizes less, we pay the difference."

Mr. TOTZKE: And if it realized more?

Hon. Mr. STEVENS: It did not realize more.

Mr. TOTZKE: Was there any grain sold on the open market during that period?

Hon. Mr. STEVENS: None except to the Wheat Board, the Wheat Export Company, and as far as we know, none to them.

Mr. TOTZKE: May I come back to my question. If during that period the Allied Purchasing Commission under the Allied Governments whose agents or purchasing board in this country, were not buying at a fixed price, it stands to reason that their purchasing board was not going to buy at a fixed price during that period?

Hon. Mr. STEVENS: I have tried to make that clear. There is no doubt that in that two or three weeks the representatives of the British Government refused.

Mr. TOTZKE: You assume two or three weeks?

Hon. Mr. STEVENS: Now, gentlemen, are you going to pin me down? I say this that there is no record as far as I have been able to find, and the Secretary of the Board has a clear recollection of it—there is no record to show that a single bushel was sold during that period.

Mr. VALLANCE: Would it be possible—I know you do not want to do it—to get from the Export Board how much wheat they bought from Canada in that year? And what they did not buy we will know must have been sold somewhere else. That will give us what we are after.

Hon. Mr. STEVENS: There is no objection to the Committee going to that trouble. I will say this that it is difficult for us. I imagine that we can only do it through the Department of External Affairs. It will mean asking the British Government to open their records back for thirteen years, and for what purpose? I refuse you nothing. I have told you that clearly. I merely submit the question to you: as a reasonable proposition have you any evidence? If there was one atom of evidence to indicate that there was anything wrong, then I would have no compunction about it; but in the absence of that evidence, would it not look a little strange to the British Government and the Allied Governments if we asked them now to do this. They might politely tell us that the records are not available.

Hon. Mr. STEVENS: May I make a suggestion. You must remember that Dr. Magill is not now alive. I will make inquiries in regard to this particular point, and we can adjourn this meeting until some other day.

The CHAIRMAN: How long a time will you need?

Hon. Mr. STEVENS: Let us say next Tuesday or Wednesday, or something like that.

Mr. VALLANCE: We might meet in a sub-committee.

Hon. Mr. STEVENS: I will try to clear that point.

The CHAIRMAN: This committee will have to be brought together again in any event to dispose of the matter.

Mr. BROWN: I move the Committee adjourn until this day week.

The Committee adjourned to meet Thursday next, June 11, 1931.

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Government
Publications

SESSION 1931

HOUSE OF COMMONS

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

1931

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

TUESDAY, JUNE 16, 1931



WITNESS:

Robert Whiteside.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1931



MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

TUESDAY, June 16, 1931.

The meeting came to order at 11 o'clock a.m., Mr. Senn presiding.

Members present: Messrs. Barber, Blair, Bowman, Brown, Burns, Campbell, Cayley, Coote, Hay, Loucks, Moore, Motherwell, Mullins, Myers, Perley, Pickel, Porteous, Rowe, Senn, Shaver, Simpson, Smith, Stirling, Swanson, Totzke, Tummon, Weese, Weir (*Melfort*).

The chairman informed the committee that two documents had been filed with the clerk by the Hon. Mr. Stevens, since the last meeting, viz.:

Letter of May 20, 1931, Robert Whiteside to the Hon. Mr. Stevens, and

Printed pamphlet dated March 19, 1919, entitled "Movement of the Grain Crop, 1918-1919—Board of Grain Supervisors for Canada."

The clerk then read the aforesaid letter of May 20, 1931, also the telegraphic correspondence between the clerk and James Stewart of Winnipeg and H. C. Beatty of St. Catharines, relative to their attendance before the committee.

Hon. Mr. Stevens then produced and filed several documents and read into the record extracts therefrom.

A list of the documents above mentioned follows:

1. Board of Trade (Eng.) Statement of the Wheat Executive Accounts and the Auditor General's Report thereon.
2. Canadian Council of Agriculture Statement, March 16, 1917, re the price that should be fixed for the Canadian Wheat Crop.
3. The Grain Policy of the United States during War time.
4. Recommendation of the Grain Committee of the Canadian Council of Agriculture as to marketing the wheat crop of 1919.
5. Resolutions of Farm Organizations re Fixed Price.
6. Explanation of Open Market Period, 1918-1919, contained in Financial Statement of Board of Grain Supervisors.

Mr. Robert Whiteside was then called and sworn.

The witness was examined at length by Mr. Bowman, several other members of the committee asking questions. At the time of adjournment the witness was presenting evidence in support of his contention that the producers of wheat had not received the returns that might have accrued to them if proper marketing had prevailed.

The question of calling other witnesses was discussed but no action taken.

RE ORDER OF REFERENCE

HANDLING AND MARKETING OF AGRICULTURAL PRODUCTS

Mr. Tummon presented a report of the subcommittee on witnesses, with respect to the Order of Reference re the Handling and Marketing of Agricultural Products, recommending the calling as witnesses on Thursday next, Mr. MacMillan, Chief of the Swine Division, Department of Agriculture and Mr. Todd of the Industrial Development Council of the Canadian Meat Packers, Toronto.

The subcommittee report was concurred in.

The committee then adjourned till Wednesday, June 17, at 11 a.m.

A. A. FRASER,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

TUESDAY, June 16, 1931.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., Tuesday, June 16, 1931, Mr. Senn in the Chair, respecting Order of Reference of May 26, 1931:—

That matters referred to in Return Nos. 147-147A, be referred to the said Committee with instructions to examine such records as may by the Committee be deemed necessary, and to hear such witnesses as it may desire, and call for such papers in connection therewith, and to report to the House.

The CHAIRMAN: Since the last meeting there have been two documents filed by the Minister, and I think that these should be brought to the attention of the committee. The first document is a letter dated May 30, 1931, written by Mr. Robert Whiteside to Hon. Mr. Stevens; the second document is a pamphlet dated March 19, 1919, entitled "Movement of Grain Crop 1918-19", by the Board of Grain Supervisors for Canada. That is referred to in the Magill Report. I think the Clerk should read Mr. Whiteside's letter.

(Letter dated May 30, 1931, Robert Whiteside to Hon. H. H. Stevens is read.)

Gentlemen, may I say before we go any further that if we get through this Order of Reference to-day, I would like you to consider a report which will be submitted by the sub-committee on witnesses with respect to the Order of Reference, "Handling and Marketing Agricultural Products." You can then be prepared to deal with that matter as soon as we finish this Order of Reference. Mr. Robert Whiteside is with us this morning. The Clerk was ordered by the committee to telegraph to Mr. Whiteside, Mr. James Stewart, and Mr. H. C. Beatty asking them to come here and give evidence. Mr. Whiteside is now here; Mr. Stewart telegraphed to the effect that he could add nothing to the evidence already given by Mr. Tooley, and suggesting if possible, that he might be excused. There is also a telegram from Mr. Beatty. I think the committee should hear these telegrams read so that they would know exactly the position in which the other two gentlemen are.

(Telegram dated June 4, 1931, addressed to Mr. James Stewart from Clerk of Committee, read).

(Reply dated June 6, 1931, James Stewart to Clerk of Committee, read).

(Telegram dated June 5, 1931, Mr. Tooley addressed to J. G. Parmelee, read).

(Telegram dated June 8, 1931, addressed to Jas. Stewart from Clerk of Committee, read).

(Telegram in reply, James Stewart to Clerk of Committee, June 8, 1931, read).

(Telegram to James Stewart from Clerk of Committee dated June 8, 1931, read).

The CHAIRMAN: You had better read Mr. Beatty's wire.

(Telegram from Mr. Beatty to Clerk of Committee dated June 5, 1931, read).

Mr. WEESE: I do not see Mr. Vallance here. He was one of the chief spokesmen in this matter.

The CHAIRMAN: After these telegrams were received, I had no authority to subpoena witnesses, and I thought it was better to wait until this meeting, and after Mr. Whiteside had given his evidence, before taking action. The committee can then decide as to whether these witnesses will be required here.

I understand that Mr. Stevens has some additional information to give us this morning, and I think it would be proper to allow him to put that information on record before calling Mr. Whiteside. Is it the pleasure of the committee to hear Mr. Stevens?

Hon. Mr. STEVENS: Mr. Chairman and gentlemen, I think we are all duly grateful to Mr. Whiteside for going to the trouble that he has in coming here to give us the benefit of his views and advice in regard to this matter. I think it is only fair to him, before he is asked to give evidence, that certain information which we have been able to gather should be placed on record and at his disposal. I may say that it has not been easy to dig up out of files here, there, and everywhere the information which we have been trying to get to satisfy to the last degree the demands of those interested. May I take this opportunity of referring to two or three series of paragraphs which settle pertinent points, and I will file the documents. The first document I wish to file has been prepared by the Bureau of Statistics as the result of a great deal of trouble and search. This is compiled from the document referred to by the gentleman in this last telegram (Mr. Beatty)—it is from the Auditor General of Great Britain. I have his report given for seven years of control over there. That control in Great Britain, as you will recall lasted from 1917-18 until 1924, I believe, and this report covers the whole period. In order to satisfy those who imagine that Great Britain made huge sums out of the handling of Canadian grain, this report shows that Great Britain suffered a loss of 138,000,000 pounds sterling. Now, that loss is substantially made up of allowances on bread costs. Bread was under control as well as wheat, and bread was sold at a given fixed figure which resulted in a loss, and the total loss was 138,000,000 pounds sterling, in round figures. I will file this together with the statement which I was just indicating. The statement is the Board of Trade Royal Commission on Wheat Supplies trading, profit and loss account for the seven years and seven months ending March 31, 1924, and is signed by H. Mead Taylor, Accounting Officer, February 13, 1925, and by Malcolm G. Ramsay, Comptroller and Auditor General. I submit, gentlemen, that this statement is one which merits our consideration and attention.

Mr. BROWN: What years did you say that covers?

Mr. WHITESIDE: I would like to make a statement here. The question that is before this committee is for the crop of wheat for 1917, 1918, 1919. In 1920, 1921, 1922 and 1923 the burden was upon the buyer of wheat supplies on the markets of the world, and was bought up at the lowest possible prices. If they paid those prices and sold at a low price, in order that they could get cheap bread, that was their own business. I do not think we should consider anything except the three years, 1917, 1918-19.

Mr. BROWN: The latter part of that report is of no interest?

Hon. Mr. STEVENS: None whatever; but unfortunately it is the final statement and the only statement I can get. I have tried to explain at previous meetings that there is great difficulty in getting statements to fit the prices. This is for seven years and seven months, ending March 31, 1924, so it covers the period to which we refer.

Mr. WHITESIDE: I might make a further explanation; in 1917, 1918 and 1919 Great Britain did purchase her wheat at the prices paid and she sold it at a reduced price to the people in Great Britain in order that they might have cheap bread.

The CHAIRMAN: I think Mr. Stevens should be allowed to make his statement, and then we can proceed.

Hon. Mr. STEVENS: I am simply endeavouring to supply the committee with all the information I can. Mr. Marshall of the Dominion Bureau of Statistics says this:

I enclose herewith what information I have been able to discover regarding wheat purchased in Britain by the Wheat Committee. This is a statement certified by the Auditor General.

I cannot take the Auditor General's statement and take it all to pieces and only apply that which is germane to the years which you want. I have to give the statement as we have it.

(Statement of the Dominion Bureau of Statistics dated June 11, 1931, together with letter signed by H. Marshall, Chief, Internal Trade Branch, filed).

The next point is the question of whether or not the Board of Grain Supervisors and those in control at that time reasonably safeguarded Canadian interests. I have a statement here which I think is of interest, although it is only on one particular point. To my mind it is of considerable significance. This is a letter written by Dr. Robert Magill to Sir Geo. Foster, the Minister at that time, dated July 11, 1917. The subject is "The Grain Policy of the United States". It refers to the conference between Dr. Magill, representing Canada, Sir Cecil Spring-Rice, of the British Embassy, Mr. Hoover, and the Grain Advisor, Mr. Julius Barnes, in Washington. In this are set forward certain points which Mr. Hoover and Mr. Barnes indicated they wished to put into operation; but the only points of interest to this committee at the moment, I think, are these: Mr. Hoover pointed out, "the price which he hopes to reach through negotiations will be equivalent to one dollar ninety cents a bushel at terminal points for the highest grade." Then the report goes on: "so far as we are concerned, practically the only point wherein we are concerned is that of the price. Mr. Hoover and Mr. Barnes are anxious that our price should be identical with theirs, viz., \$1.90 for 1 Northern, Fort William and Port Arthur." Then the report goes on: "I took the ground that we were not in a position to decide price fixing at the present time," and so on. And there is attached the statement of Mr. Hoover and Mr. Barnes suggesting a course to be pursued. This later developed into the Control Board of the United States, and the Board of Grain Supervisors and the Wheat Board of Canada; but the point in this is simply that the Board of Grain Supervisors did not agree to the suggested price of \$1.90 a bushel proposed by the United States at that time.

(Document entitled "The Grain Policy of the United States," filed.)

The next point is this: in regard to the assertions that have been made that the interests of the grain growers of the west were not adequately cared for at that time as regards the price fixed, I submit for your consideration certain resolutions which were submitted to the government of the day by the Council of Agriculture, and by certain other organizations which I shall indicate as I proceed. I may say that I have had considerable difficulty in locating the document I hold in my hand, but we finally located this statement in the Winnipeg Free Press. It quotes verbatim the text of the statement of the Council of Agriculture, and I see no reason to call it in question. I am going

to submit it for the consideration of the committee. I shall read only those portions which are germane to the question. Now, I am referring to the question of the fixing of price. This was prior to the date that the prices were actually fixed. The date of this is March 16, 1917, and the despatch is from Regina and is dated March 16. The Canadian Council of Agriculture, by the way, were meeting in Regina. In order to explain one point in this, it is necessary for me to indicate that prior to this time—that is prior to March 16, 1917—offers had been made to the government of Canada which were passed on by Sir George Foster to the Council of Agriculture, of \$1.30 a bushel. I have here letters emanating from the officers of the department, and I think there is one from Sir George himself. However, there is one from F. C. T. O'Hara, Deputy Minister of Trade and Commerce indicating that Sir George Foster simply passed this offer on. I cite that because it makes intelligible the observations in this despatch. After hours of discussion, the Canadian Council of Agriculture passed a resolution deciding not to accept the offer of the British Government of \$1.30 per bushel, basis One Northern Fort William, for the entire crop, but recommended that a minimum of \$1.50 per bushel and a maximum price of \$1.90 be fixed. Then follows the text of the statement in which is disclosed that as a result of that discussion the Canadian Council of Agriculture unanimously decided that the price of \$1.30 per bushel could not be accepted, and they therefore sent the following wire to Sir George Foster,

respecting the matter of fixing or guaranteeing a price for the surplus crop of Canadian wheat for the year 1917, discussed with you at your request in Ottawa on March 3, by representatives of the Canadian Council of Agriculture, your suggestion that a price be fixed about \$1.30 per bushel, basis No. 1 northern, Fort William, for the entire crop, was considered by the full meeting of the Council here to-day and after full deliberation upon the matter the Council, having in view the present high cost of production, believe that to insure the maximum production of wheat for the coming year, it is advisable to fix a minimum price covering all this year's crop and this Council therefore recommends that a minimum price at Fort William of \$1.50 per bushel basis No. 1, northern be guaranteed and that a maximum price of \$1.90 basis No. 1, northern Fort William, be fixed.

Spreads in the prices on grades lower than No. 1 northern to be fixed or the actual difference in value between such grades as determined by milling and baking tests, or if a flat price be decided upon such price should be \$1.70 per bushel basis No. 1 northern Fort William, this being less than the average price of No. 1 northern at Fort William during the last six months.

Now, that is the statement of the Canadian Council of Agriculture.

Mr. TOTZKE: What is the date of that?

Hon. Mr. STEVENS: March 16, 1917, at a general meeting in Regina.

(Quotations from Winnipeg Free Press, March 16, 1917, filed.)

Hon. Mr. MOTHERWELL: Might I ask the Minister if that is the return I asked for—the correspondence between Sir George Foster and the Canadian Council of Agriculture? I think it is.

Hon. Mr. STEVENS: This is taken from the records of the Winnipeg Free Press.

Hon. Mr. MOTHERWELL: I think it is the correspondence from Sir George Foster.

Hon. Mr. STEVENS: Possibly. I cannot answer that question offhand. In the files we found certain other resolutions which I shall read in brief. This

is dated March 26, 1917. The resolution of the Canadian Council of Agriculture referred to here is the one I have just read:

Copy of resolution passed by the Edwin Branch of the Grain Growers.

Therefore be it resolved that we, the Edwin Branch of the Grain Growers, endorse the action of the Canadian Council of Agriculture in asking for \$1.50 minimum—\$1.90 maximum or a flat price of \$1.70 per bushel for No. 1 northern in store at Lake Fronts and all grades to be based on a million and baking test, and further, we would urge the government to fix the price for three years.

Signed on behalf of the Edwin Branch Grain Growers.

Here is another one:—

Copy of Resolution passed by the Portage La Prairie Grain Growers' Association.

Resolved that we endorse the action of the Canadian Council of Agriculture in their action in asking for a minimum price of \$1.50 per bushel, a maximum price of \$1.90, or flat price of \$1.70 for our 1917 crop of wheat.

Moved—J. Nurnett.

Sec.—G. Moon.

I will read this one:—

Copy of Resolution passed by the G. G. A. of Cameron District.

Moved by J. R. Gugin, seconded by J. W. Halpenny and carried unanimously that whereas no action has been taken by the government to control the wages of farm labourers nor the prices of any of the branches of manufactures which influence the cost of production of wheat, nor to limit the cost of transportation, therefore we protest against any set price of wheat, unless such price is at least as high as that recommended by the Canadian Council of Agriculture.

Then there is the following resolution submitted by the Canadian Council of Agriculture regarding fixed prices for the 1918-19 wheat crop, and that the price be guaranteed by the Dominion Government. It is dated August 24, 1918, and is as follows:—

That this Council of Agriculture, having given careful consideration to the matter of fixing a price for the 1918 wheat crop

this is a year later

. is of the opinion that a price of \$2.24½ for No. 1 wheat at Fort William would be satisfactory to the farmers of Western Canada, that being the minimum price guaranteed by the United States authorities for wheat of a similar quality at Duluth.

Further, in view of the fact that the farmers of the Dominion were urged, in many cases against their better judgment, to seed every available acre with wheat, this Council is strongly of the opinion that the Dominion Government should guarantee the above price for the entire wheat crop of 1918.

The Board approved the resolution and recommended same be submitted to the Government of Canada for their consideration.

This was done. Another resolution passed by the Canadian Council of Agriculture was as follows:—

That this Canadian Council of Agriculture go on record as being in favour of a fixed price on oats and barley. And, further, that we are entirely opposed to the principle of setting a maximum price on any grain that does not at the same time carry a guaranteed minimum.

The Board, after careful consideration, unanimously decided that it was inadvisable for them to fix a price on any grain until proper arrangements have been made for the financing of same.

The date of that we have not here, but it was subsequent, I think, to these others. Now, the point in this is that the government at the time and the Board of Grain Supervisors at the time had before them these resolutions when they decided on that policy of the fixing of prices, and it will be noted that the price ultimately fixed was above that which was asked. Now, on the question of open trading there is a recommendation by the Grain Committee of the Canadian Council of Agriculture that the wheat crop of 1919—this is perhaps interesting and will assist, I think, the Committee in its consideration of that phase of the subject—it is a long statement, and there were many matters referred to in it, but I will read the points that are germane to this question of open trading, which was a question that had been raised:—

Therefore, the Canadian Council of Agriculture is strongly opposed to the opening of the Canadian markets for unrestricted trading in wheat and would reiterate its recommendation of August, 1918, that the Government of Canada create, without delay, a body similar to the United States Grain Corporation, with like powers and functions and with the financial accommodation adequate to its operations.”

That is the opinion they expressed. They also recommended:—

(1) That the opening of the markets for unrestricted trading in wheat on the Canadian grain exchanges, as is in immediate prospect, would promote speculative rather than legitimate trading.

I will call the attention of the committee to this that that advice was followed and that the Board was erected for that period, and as I say, the point in it is that open trading was not favoured by the Canadian Council of Agriculture at the time.

(Document *re* open trading filed).

Now, I come to another point. It will be recalled that a moment ago a telegram was read which was sent to my deputy by Mr. Tooley, and which Mr. Stewart confirms. This has reference to a rather difficult point to determine, namely, that of what the period was when there was open trading and during which something could have gone astray. That might have happened. I have found—and it was by merest accident—in the midst of a number of financial reports, two statements which I think will give the committee the gist of what they have been asking for. It arose out of a query by the deputy minister, acting on the instruction of Sir George Foster, regarding an item in an account. The item in the account was the statement of revenue and expenditure, June 30, 1919, in which there was an item of \$119,965.97 under “Wheat Allotment Account.” The minister queried the Board of Grain Supervisors in regard to this wheat allotment account on September 4, 1919, and asked for an explanation. An explanation was given in a letter dated September 11. I do not need to read the whole letter. It deals with three subjects, wheat purchasing account, seed purchasing commission, and wheat allotment account. The paragraph dealing with the matter of wheat allotment account reads as follows:—

During the marketing of the 1918-19 crop a period occurred when there were no buyers for wheat, which was being daily out-turned at the head of the lakes and—

May I pause to draw attention to that observation of Sir George Foster in that famous letter in reply to one of Mr. Whiteside's where one little phrase occurs about selling his wheat.

Mr. BOWMAN: "Varying prices."

Mr. WHITESIDE: What date?

Hon. Mr. STEVENS: September 11, 1919. I asked the committee to keep that observation of Sir George Foster in mind.

During the marketing of the 1918-19 crop a period occurred when there were no buyers for wheat, which was being daily out-turned at the head of the lakes owing to the cessation of buying on the part of the Wheat Export Company and the mills who were unable to secure export orders and were consequently out of the market, it became incumbent upon the Board to arrange with the shippers and exporters of the grain trade to provide a market for the wheat arriving at the head of the lakes. As a result of this, approximately twenty-six million bushels of wheat were purchased during the closed season of navigation by the trade of which twenty million bushels were sold at the opening of navigation to the Wheat Export Company, who took delivery of same at Seaboard, at the fixed price. . . .

Mr. BROWN: That would be the 1918 crop?

Hon. Mr. STEVENS: Yes.

.....at the fixed price plus three cents per bushel—

Mr. BROWN: You said 1919.

Hon. Mr. STEVENS: No. This is a letter dated September 11, 1919.

Mr. TOTZKE: You referred to the 1919 crop in the body of the letter.

Hon. Mr. STEVENS: "During the marketing of the 1918-19 crop." That would be, Mr. Brown, the fall of 1918 that this situation happened, sometime about the close of navigation. I will read this all over again in a minute so we can get it clear. I quite appreciate it is difficult to get it clear hearing it read. Let me finish it for the moment:—

. . . . plus three cents per bushel, plus all carrying charges and commission accrued on the wheat from the time of its purchase by the trade for account of the board. On the balance of the wheat, approximately six million bushels, two million bushels were sold to the United States and four million bushels to the eastern Canadian mills, where the item referred to was incurred, the wheat sold to the mills being at the fixed price plus three cents per bushel, the Board of Grain Supervisors paying the cost of carrying the wheat from the time of its purchase by the shippers and exporters for account of the Board. These charges, as stated, consisted of storage, interest and commission charges.

Now, I quite appreciate that the committee will bear with me if I go over that once more. The \$119,000 odd that was queried by the Minister is here being explained by the Board of Grain Supervisors. They explained it as charges consisting of storage, interest and commission that they had to pay on a quantity of wheat amounting to twenty-six million bushels which they paid the farmers for during the period when the export had temporarily been suspended by the action of the Wheat Export Company, and the Wheat Export Company came back and took twenty million bushels of the twenty-six million bushels; two million bushels were sold to the States, and the balance was sold to Canadian mills at the fixed price, plus three cents a bushel in each case.

Mr. TOTZKE: Was that sold to the United States at a fixed price?

Hon. Mr. STEVENS: Yes.

Mr. BOWMAN: You said, "which they sold;" the letter says "purchased by the trade."

Hon. Mr. STEVENS: It was purchased by the trade, through the open trade of Canada, and the Board of Grain Supervisors guaranteed it. That is, had the Wheat Export Company, the United States, and the mills not taken it, the Board of Grain Supervisors would have been stuck for it. I think I had better read it again so that that clause can be made clear to the committee—"wheat allotment account \$119,000" odd.

(Letter is re-read.)

Now, Mr. Chairman, that is all I have for the moment. I submit these matters to the committee for this purpose: first, of showing that the Government of Canada did not interfere with or influence the Board of Grain Supervisors to fix the price for wheat at the commencement of their operations in any case inconsistent with what was considered a fair price. That is supported by the resolutions I have submitted, in which an average price of \$1.70 was asked. The price fixed was \$2.21. Therefore, I think this disposes of that particular point. The question of whether or not the British made money I cannot answer better than I have; but there is no evidence whatever which we can find anywhere to indicate that the British Royal Wheat Commission made any profit whatever. On the contrary the only information we are able to obtain—the Auditor General's report—shows a loss of 138,000,000 pounds. Lastly, as regards the period in doubt, the explanation which was given by the Secretary of the Board of Grain Supervisors on September 11, 1919, indicates to my mind conclusively that the matter was properly handled; that whatever hiatus there was was cared for by the Board of Grain Supervisors, and no loss was incurred, and the wheat was sold at the fixed price ultimately to the export company.

Now, Mr. Chairman, I would like to make a further observation to the committee. The committee thought we were calling three witnesses. In view of his telegram, I do not think Mr. Stewart is necessary. I will leave it to the committee to determine whether we should summon Mr. Beatty later. Mr. Whiteside has been kind enough to come at a considerable amount of inconvenience to himself. The Department of Trade and Commerce naturally had in mind just what would be the best procedure to pursue before the committee, and the department, therefore, ask the committee if it will be good enough to allow Mr. Bowman to conduct, shall I say, the initial examination of Mr. Whiteside, in order that the record may be clear and orderly. That will not interfere at all with the right of the members of the committee to ask any questions they desire; but we ask the committee to allow Mr. Bowman to draw out from the witness the information in what we may term an orderly manner so that the record may be as clear as possible.

Hon. Mr. MOTHERWELL: I have no objection to that at all; but before we proceed with Mr. Whiteside might I say with regard to something that has been well said regarding the correspondence between Sir George Foster and the Canadian Council of Agriculture that between March and the regular functioning of the Board of Grain Supervisors on an understanding with the United States on a basis of \$2.21 and \$2.24 for 1918, the price of wheat between March and August jumped around in a rather erratic manner from \$2.70 down to probably \$2.20, until finally the Board of Grain Supervisors checked the price at \$2.40 for two or three weeks before it started to function in a regular way on a basis of \$2.21 for 1917, and \$2.24 later. Don't forget that. When Sir George Foster offered first, in the manner described by the Minister, \$1.23 to the farmers through the Canadian Council of Agriculture, they refused it and suggested \$1.50 to \$1.90, that was a very good idea from the government's standpoint or from the allied standpoint, but because of those fluctuations that were made during the long term between March and August, the price varied so much, backed by the Board of Grain Supervisors for two or three

weeks at \$2.40 and finally between Canada and the United States for \$2.21 for 1917, that the evidence goes to show the farmers were fair at that time, but, subsequently, the market justified a much higher price.

MR. BROWN: Might I suggest that we try as much as possible to keep away from anything that is not relevant to the discussion. I do not think we need worry any further about the arrangement that the government of the day made with regard to wheat at that time. We understood this arrangement at the time it was accepted. The correspondence that has been read between the Minister and the Canadian Council of Agriculture I can heartily endorse, for I was associated with the Council at the time, and I know something of the negotiations that took place. I do not think we need give any consideration to that at all. Nor do I think we need give any consideration to the crop of 1919. I think it has been generally recognized by all the farmers and by everybody that that crop was handled in a perfectly satisfactory manner. Later on I may have something to say, using that crop as a basis, regarding the activities of the two previous years, but I think we can take it for granted that the 1919 crop, under the Wheat Board, was handled satisfactorily, and I think we can put aside any question of the dealings of the government in the fixing of the price. That is past and gone; it is accepted; and whether we should have received further compensation because of other burdens laid upon us is entirely apart from the question. All we want to consider now are these two crops—the later part of the crop of 1916, the crop of 1917, and the crop of 1918.

THE CHAIRMAN: Is it your pleasure to hear Mr. Whiteside (Agreed). Is it your pleasure that Mr. Whiteside should be sworn? (Agreed).

ROBERT WHITESIDE, called and sworn.

MR. BOWMAN: Mr. Whiteside, of course you are aware that the reference that has been made to this Committee was really because of a letter which you wrote to Sir George Foster, of date January 19, 1920.

MR. WHITESIDE: I am.

MR. BOWMAN: In that letter—to quote from it—you made this statement:—

Every farmer in Western Canada is under the impression that our Federal Government premeditated and entered into an agreement to handle the wheat crop to make gains for themselves at our expense.

And you went on to say:—

Note I said Federal Government; it may have been only members of our Government, at any rate it has been reported quite frequently and in bold statements that the time the Grain Exchange was opened that our Government did sell or offer for sale some 50 millions bushels wheat to Great Britain at a price of \$1.75 per bushel and not until the market was open did your Government make any attempt to handle the wheat and we all know the market was advancing and to take control of the wheat when it was at a price of \$2.45.—

That is, in other words, the inference which you at that time sought in that letter to Sir George Foster was that the government had planned, or some members of the government had planned, to purchase about 50 millions bushels at \$1.75, then take control of the market, and then turn it over at \$2.40 and pocket the difference; am I right in saying that that is the correct inference to be taken from your letter?

MR. WHITESIDE: That is correct. Of course, understand, I refer in my letter that that was the rumours, and that is why I wrote Sir George Foster for that information. I don't always take rumours as true.

Mr. BOWMAN: Quite true; then I see that Sir George Foster replied to that letter under date of January 27th?

Mr. WHITESIDE: Yes.

Mr. BOWMAN: In Sir George Foster's reply under date of January 27, 1920, in which he refers definitely to your statements he says:—

You also make another statement as current, whether you pledge yourself to its beliefs or not, namely, that at the time the grain exchange was opened, the government did sell, or offer for sale, 50 millions bushels of wheat to Great Britain at \$1.75 per bushel, to be paid to the farmers for their grain, and then took charge of the market when the price was \$2.40 or thereabouts with a view of appropriating to their own uses the difference between that price and the market price of the wheat. There is not a word of truth in that statement.

Now, you remember that quite well, Mr. Whiteside?

Mr. WHITESIDE: Quite well.

Mr. BOWMAN: Then you came back, and in reply to that letter you wrote two letters, one of which is on page 10, which apparently was a sort of private letter to Sir George Foster, under date of February 16, and a letter before that, on page 8, in which you reiterated these charges—that the government, or some members of the government, had appropriated to their use the difference between \$1.75 and \$2.40; you remember that quite well, Mr. Whiteside?

Mr. WHITESIDE: Yes.

Mr. BOWMAN: Now, that is really why this matter is before the Committee; now are you in a position to-day to substantiate that charge?

Mr. WHITESIDE: I don't think I have got you clear. I don't think I charged the government with that being a fact. Those are the rumors that I heard, and asked him, and Mr. Foster denied them, and I accepted his statement.

Mr. BOWMAN: Did you accept his statement?

Mr. WHITESIDE: Yes, I accepted his statement, and of course I went on and said that the money that was made by the sale of this wheat should be turned back to the people of western Canada. I don't think I ever disputed Mr. Foster's statement again, and insisted that the government did that. Oh, no, I never intended—

Mr. BOWMAN: You never intended?

Mr. WHITESIDE: Oh, no.

Mr. BOWMAN: Do we understand now, then, that you did accept Sir George Foster's statement to the effect that there was not a word of truth in that rumour?

Mr. WHITESIDE: Yes; oh yes, I accepted that.

Mr. BOWMAN: Then have you to-day, do you to-day charge the government of that day, or any of the members of the government of that day, with having profited by the handling of this crop of 1916, 1917, 1918, and 1919?

Mr. WHITESIDE: No; I took his statement that the money that they received from the sale of this wheat was turned into the Dominion treasury.

Mr. BOWMAN: Then, in other words, Mr. Whiteside, you do not charge the government, or any member of the government, with having profited to the extent of a single dollar in connection with the handling of part of the 1916, the whole of the 1917, 1918 and 1919 crop?

Mr. WHITESIDE: No, because I calculate that what they did put in—if there was money—if it was sold at a greater price than paid to the farmers, it was put into the Dominion treasury.

Mr. SHAVER: There was a current rumour in the west that Mr. Whiteside did make these statements during just the last summer.

Mr. BOWMAN: I will come to that in a moment. I am aware of that. Now, Mr. Whiteside, have you since the time to which we have been referring—January, 1920—have you since that publicly, either by writing or at a convention, conveyed to the public in any way that you did charge the government or members of the government, with having appropriated to their use profits arising out of the handling of the 1916, 1917, 1918 and 1919 crop?

Mr. WHITESIDE: I have charged them that, owing to the prices in the world's markets, that this wheat could have been sold at higher prices, and that they must have sold this wheat for more money, and there was more money turned into the Dominion treasury. That is the point.

Mr. BOWMAN: Let us get that quite clear now. Do you charge the government, or any government, or any member of any government with having profited by any of those wheat crops, the handling of any wheat crops of 1916, 1917, 1918 and 1919?

Mr. WHITESIDE: Yes, here is the idea; I consider that our prices—

Mr. BOWMAN: You say yes?

Mr. WHITESIDE: In that respect I figure that it would not be reasonable—did not seem reasonable to me—owing to the fact that the price of wheat was \$2.40 a bushel when they took control and set our price at \$2.21, I considered that they likely sold this wheat at this higher price, and after paying us the price they agreed to pay and the expenses, that the balance of the money was put into the treasury.

Mr. BOWMAN: That was only a surmise on your part?

Mr. WHITESIDE: That is what I supposed they would have done.

Mr. BOWMAN: It was more or less of a guess?

Mr. WHITESIDE: Yes.

Mr. BOWMAN: But have you any proof to offer that such was the case?

Mr. WHITESIDE: Well, yes, according to statements here.

Mr. BOWMAN: Now you purpose proving what, Mr. Whiteside?

Mr. WHITESIDE: That they did sell—

Mr. BOWMAN: That more money was turned into the Treasury than has been accounted for?

Mr. WHITESIDE: Yes, that is what I propose to prove. I will offer these here as the cash prices of wheat in the United States, and also according to the wheat that was exported in those years to the markets of the world. In 1917, according to this statement I got from the Dominion Bureau of Statistics, they exported to Britain 123,384,759 bushels of wheat at a value of \$303,776,038.

Mr. BOWMAN: Who exported?

Mr. WHITESIDE: Well, the government.

Mr. BOWMAN: Who?

Mr. WHITESIDE: I suppose it was the Dominion Government, because they had the export of wheat.

Mr. BOWMAN: What year are you talking about?

Mr. WHITESIDE: I am talking about the 1917 crop.

Hon. Mr. STEVENS: 1917-18?

Mr. WHITESIDE: Yes, that is the idea.

Mr. BOWMAN: The 1917 crop, sold in 1917-18?

Mr. WHITESIDE: Yes.

The CHAIRMAN: Are those years the calendar year?

Mr. WHITESIDE: No, the fiscal year.

Mr. BOWMAN: Are those the export figures?

Mr. WHITESIDE: I would take it that it was the export figures at Montreal.

Mr. BOWMAN: Who handled the crop?

Mr. WHITESIDE: The government handled the crop that year.

Mr. BOWMAN: What do you mean by the government?

Mr. WHITESIDE: The Board of Grain Supervisors.

Mr. BOWMAN: Are you aware that the government did not buy or sell any crop?

Mr. WHITESIDE: But they arranged for the handling of this wheat crop, and paid at that price.

Mr. BOWMAN: At \$2.21?

Mr. WHITESIDE: Yes.

Mr. BOWMAN: But you are also aware that so far as the Board of Grain Supervisors were concerned, they did not purchase the crop themselves, nor did they pay for the crop?

Mr. WHITESIDE: I just learned that lately. I didn't know it at the time.

Mr. BOWMAN: You did not know that when you wrote this letter of January, 1920, to Sir George Foster?

Mr. WHITESIDE: No; I was just asking for information.

Mr. BOWMAN: So that even now, to-day, you know that the government of the day of 1917, 1918 and 1919 did not of itself handle any crop?

Mr. WHITESIDE: Oh yes, why, certainly—you mean the present government?

Mr. BOWMAN: No, not the present government; the government of that day—1917, 1918 and 1919?

Mr. WHITESIDE: Well, I just learned that since I came to Ottawa.

Mr. BOWMAN: So that the letter you wrote to Sir George Foster under date of January, 1920, was written under a wrong impression?

Mr. WHITESIDE: No, I don't think so.

Mr. BOWMAN: At the time you wrote that letter you were under the impression that the government was handling this crop?

Mr. WHITESIDE: Yes; well, it was the government that managed the affair. They arranged the Board of Grain Supervisors merely to do the handling.

Mr. BOWMAN: But you were under the impression that the government actually purchased the grain, sold it, and handled the money, when you wrote that letter of January 19, 1920?

Mr. WHITESIDE: That is the way Honourable Mr. Foster wrote me.

Mr. BOWMAN: That is what you understood at the time?

Mr. WHITESIDE: Yes.

Mr. BOWMAN: Now you find out that the government did not handle any of the money at all except the little balance of \$428,000 which was handed back to them by the Board of Grain Supervisors at the termination of their work?

Mr. WHITESIDE: That is what I understand it is, but it certainly looks very unreasonable to me that a man like Mr. Foster would write me and give me those statements on such an important question unless he was absolutely correct; and when I got his letter I decided that those were the facts, but I did not just let it rest there. I took his letter to the Hon. F. G. McLaren of Saskatoon; I considered him a man well posted in government affairs.

Mr. BOWMAN: When was that?

Mr. WHITESIDE: In 1920, just after I got the letter; and when I discussed it with him he referred me to the Hon. George McCraney, who was Liberal member for Saskatoon, and when Mr. McCraney read the letter he stated to me he considered the action of the government was to get funds to assist them in carrying on the war rather than raise it by direct taxation. That is the statement he gave me, and I considered it was very wrong.

Mr. BOWMAN: Whether anybody gave you statements of that kind, that does not settle the question, or clear the question on which this committee has been appointed; now, taking it from the knowledge which you have acquired lately, would you still reiterate the charges that the government of Canada of 1917, 1918 or 1919, or any members of that government, have profited by the handling of the wheat crops of 1916, 1917, 1918 and 1919?

Mr. WHITESIDE: Well, unless this here statement is cleared up, and there is something to be explained.

Mr. BOWMAN: But we are looking now for the explanation.

Mr. WHITESIDE: Well, as a grower of wheat I had no way of knowing how this wheat was sold, because my rights was taken away from me. If I wanted an explanation I had to get that explanation from the government.

Mr. BOWMAN: As a matter of fact you were pretty clear in your own mind in 1921; do you remember writing a letter to the government under date of July 16, 1921—perhaps I might just recall the letter to your mind, on page 15—you had apparently at that time made up your mind that things were not as you understood them in 1920, because you write to Sir George Foster in part as follows:—

I ask your honourable Government, for what reason should a commission be appointed now to investigate the grain trade?

Then at the bottom of the page you say:—

Now I have taken notice of all that has happened and the only grievance that I can lay before the grain trade is the fact that the farmers were forced to sell their wheat in a short space of time that was caused by the action of our banks.

Mr. WHITESIDE: Well, that was relative to the marketing of our wheat in 1921.

Mr. BOWMAN: But you refer back in your letter; you say they desire to place all the facts before the people in 1917, 1918 and 1919?

Mr. WHITESIDE: Yes; if they are going to investigate it I wanted that to be investigated also. I say, if they desire us to lay all our facts before the people, let them lay all the facts about government control of our grain in 1917, 1918 and 1919.

Mr. BOWMAN: You say:—

Now I have taken notice of all that has happened and the only grievance that I can lay before the grain trade is the fact that the farmers were forced to sell their wheat in a short space of time that was caused by the action of our banks.

Then you go on in the next paragraph:—

Had our government desired any investigation let them investigate the banks of Canada, which is the root of all our grievances. I have written the Royal Commission the position the farmers were placed in by the banks.

and you go on, farther down:—

No doubt there were evil practices in the grain trade in the past as was also the case under government control, but we can gain nothing by an investigation into that now.

So that in 1921—

Mr. WHITESIDE: I have not made myself quite clear there on that point. That was wrong. They did appoint a Royal Commission at that time to investigate the grain trade. The farmers thought at that time that it was the grain trade that was hammering like everything.

Mr. BOWMAN: Do you mean your mind had changed? What was quite right in 1920, was it right in 1921?

Mr. WHITESIDE: This was blaming the government that was coming on.

Mr. BOWMAN: You were blaming the grain trade.

Mr. WHITESIDE: I did not blame the grain trade. I did blame the banks, to some extent, at that time.

Mr. BOWMAN: Let us take it year by year.

Mr. WHITESIDE: I don't think that will gain us anything. I came here to give evidence in regard to those three years.

Mr. BOWMAN: You will have time to give all the evidence you want. Let us take the grain trade of 1916; do you charge the government of that day?

Mr. WHITESIDE: We will come back to 1915.

Mr. BOWMAN: No; you can go back as far as you like; do you charge the government of that day, or any members of the government of that day, with appropriating to their use any sums of money realized from the sale of the 1916 crop?

Mr. WHITESIDE: No; I did not. I never knew anything about it until I read it in the debate of May 12, the statement that Mr. Foster and Mr. Rogers had made, the agreement with the British government to take our wheat at \$3 a bushel, and I knew that that could not be correct.

Mr. BOWMAN: If you refer back to a letter which you wrote in 1920, you did not know anything about that then?

Mr. WHITESIDE: No, nor I didn't know anything about this, still I consider if they done a wrong then they should make it right in 1916, just the same as they did—

Mr. BOWMAN: You say in 1916 you do not charge the government or any members of the government with having made a profit?

Mr. WHITESIDE: I never had charged them with anything until about 1926, before that.

Mr. BOWMAN: Then take 1917, do you charge the government or any members of the government or that day with having appropriated to their own use any moneys arising out of the handling of the 1917 crops?

Mr. WHITESIDE: I have already answered that.

Mr. BOWMAN: What is your answer?

Mr. WHITESIDE: According to the statement that Mr. Foster wrote me there was a certain amount of money—it was sold at the market price, and after the operating expenses were paid the balance was turned into the Dominion Treasury.

Mr. BOWMAN: Of \$428,000?

Mr. WHITESIDE: I did not say what it was. I explained to you that the price that the wheat was selling for when they took control was \$2.40; it did not look reasonable to me but what there was considerable money in the Dominion Treasury.

Mr. BOWMAN: Do you now say, did you ever intend to charge the government of the day, or members of the government, with having appropriated to their use moneys arising out of the sale of the 1917 crop?

Mr. WHITESIDE: I would answer that, no, but still I consider, right now, I should have Mr. Foster make an explanation how it was that he wrote me that letter in the manner that he did.

Mr. BOWMAN: I think you are quite right in that; I think Mr. Foster made a mistake in writing the letters, as far as I can gather; now, take 1918, do you now or did you intend to charge previously or at any time the government of that day, 1918, or any members of the government of that day with having profited, as a government or as members of parliament, by taking to themselves a portion of the money realized from the sale of the 1918 crop?

Mr. WHITESIDE: Well, now, I want to offer an explanation of that.

Mr. BOWMAN: Please answer the question first, and then offer any explanation afterwards.

Mr. WHITESIDE: Yes. According to the agreement they made with the United States, that they agreed to sell our wheat to the British Government at the same price that the United States sold their wheat crop at. I understand, and am quite clear, that the United States agreed—what they agreed to was, they set a minimum price for wheat, and stopped future trading on the Grain Exchange. As competition arose, and keen demand in foreign markets, the price of wheat in the United States rose considerably, and if our government made an agreement to sell our wheat to the British government at the same price as the United States did, then it was their business to see that the British government paid the same price for our wheat that they paid the United States.

Mr. BOWMAN: But that does not answer the question. Do you charge the government of 1918—

Mr. BROWN: Mr. Chairman, allow me to say that Mr. Whiteside has come down here, and this is a new method, it seems to me, of treating witnesses that come before our committees. In the ten years that I have been in Parliament I have never seen a witness that has come before any of the committees treated in this way. It may be according to the methods of lawyers in court, where they are trying to prove or disprove a case, but I think the proper method to have pursued would have been to allow Mr. Whiteside to make his statement before this Committee. I have already given the Committee at previous meetings my attitude towards the matter, so that you know what it is, but I think in fairness to Mr. Whiteside, who has come here, he should have been allowed to make his statement rather than be treated as a hostile witness; and I think that even at this stage that should be done. I am doubtful whether Mr. Whiteside can prove the case that he has come here to prove. As you know, I have stated that opinion before; but at the same time I do not think this is the proper way to treat Mr. Whiteside after having come here. I think the proper procedure would have been to have allowed him to make his statement, and then cross-examine, of course, but I do not think this has been the proper way to proceed.

Hon. Mr. MOTHERWELL: Sir George Foster and Mr. Whiteside have evidently had a very interesting course of correspondence with each other, extending over a period, and we have been asked several times, and it is almost implied by Mr. Bowman, that Sir George was mistaken in the line of statement that has practically led up to these questions about the government of the day. Mr. Whiteside admits making mistaken statements based on Sir George's mistaken statements, so the honors are even between those two citizens of the country. The first mistake was by Sir George in writing, and I think he should be here as a witness. I wonder what the chairman would

say if Sir George was put in the box and some lawyer opposed to him was desirous of getting at the facts, and would examine Sir George in that fashion. If Sir George was wrong he should have an opportunity of saying so, and then they would both be in a position of having made the mistake that led up to this procedure. I feel very much like Mr. Brown in regard to the procedure. It is entirely new; however, we are always trying new things. It is not to be condemned because it is new. I think it should be continued along the same line, as we agreed on the start, with the understanding that Mr. Foster, who is admitted by his friends on the Committee to be mistaken, should be summoned here, but I hope not catechised in the same way that Mr. Bowman is doing with Mr. Whiteside.

Mr. TOTZKE: I think Mr. Bowman should inform the Committee how far he intends to carry his examination, whether he intends only to carry it to the point that he proves that the government had not any profit and then allow Mr. Whiteside to make his statement. It may be that the profits were made by some other person.

Mr. ROWE: It seems to me we unanimously agreed to allow Mr. Bowman to cross-examine Mr. Whiteside, and Mr. Bowman has said that Mr. Whiteside would have ample time to add anything.

Mr. COOTE: Since this question has been raised I have been a very unprejudiced listener. I found it rather a strange procedure that Mr. Stevens suggested, but I did not catch the name of Mr. Bowman; I thought it was some officer from the Department of Trade and Commerce, otherwise I would not have raised the question. I have been a member of these committees for years, but I have not known this procedure being followed. I think that in fairness to the witness, whom I do not know, it should be stated that some questions do not admit of an answer of simply yes or no. We know that questions in court are often asked that cannot be so answered, and I think it only fair to Mr. Whiteside, who I understand is simply a farmer and not a lawyer, that the examination should not proceed any further in this way. I think it would be best to allow the witness to make his statement.

The CHAIRMAN: I want it to be understood, of course, that this is not a court, in any shape or form, and that the Committee has control of the procedure. The Committee has only been proceeding along the lines agreed on at the beginning, and if the Committee wants to change the procedure it can do so.

Mr. BROWN: It is quite evident that Mr. Whiteside has been treated by Mr. Bowman as a hostile witness.

Mr. BOWMAN: Not at all.

An Hon. MEMBER: Mr. Whiteside made certain charges, and he is being questioned on those charges. What we want is a definite answer on those charges.

Mr. WHITESIDE: Gentlemen, if you will allow me, I prepared a statement according to the charges I made, and then I figured that they would question me on it; but of course, coming at me this way, it is a big question for me to handle, and I am endeavouring to do the very best I can. I do not think you can say, from any of my letters, that I was antagonized towards the government, and I don't feel that way now, but I do feel that the farmers of western Canada had been done an injustice at that time.

—After some further discussion as to procedure.

Mr. BOWMAN: Mr. Whiteside has made very definite and positive charges that the government of that day, or some of the members of the government of that day, took some of the money made by the profit of this wheat. I want now to know whether Mr. Whiteside has any evidence to substantiate that charge.

Mr. WHITESIDE: I only made the statement; I did not make the charge.

Mr. HAY: Would it not be in the interest of the Committee to let Mr. Whiteside make his statement?

Mr. BOWMAN: I am asking him in each year if he has any charge to make against the government. If he says yes, he will prove his charges.

Mr. HAY: He has made his charges; he is called here to-day to substantiate those charges; why do you not allow him to make his statement before you cross-examine him?

Mr. BOWMAN: It was not my suggestion to make this procedure. It is the agreement of the Committee.

Mr. WHITESIDE: I do not think Mr. Bowman realizes that I am not out to take any advantage of the government.

Mr. BOWMAN: Certainly not. I am just giving you a chance to make your explanation. I have in my hands an article which was published in the "Star-Phoenix" in which you come down to the year 1922, and that is why I am trying to confine your remarks to each year, so that we may clear it up as we go along; do you understand?

Mr. WHITESIDE: Yes.

Mr. BOWMAN: Now we come down to 1917; we are passed that year 1918; now do you claim or charge that the government of 1918, or any members of that government, had appropriated to their use moneys arising out of the sale of the 1918 crop?

Mr. WHITESIDE: No, because even when I wrote this letter to Mr. Foster I only asked the question whether or not. Then when I got his reply he gave me to understand how the wheat was sold and of course I believed then that there was a certain sum of money turned into the Dominion Treasury, and I did not know how much, and I believed at that time it was a considerable sum, because of the price of wheat at \$2.40 when they took control, and the prices in the United States was considerably higher. So I believed that they would naturally sell the wheat to the best advantage and turn this money into the Dominion Treasury and use it as the Hon. Geo. McCraney stated to me at that time, and also as the Hon. Premier, J. K. M. Anderson did so last winter when I discussed the question with him. He said that he agreed with me that he thought the Dominion Government got considerable money out of the farmers of western Canada from the sale of wheat at that time, but he considered the government would look at it in this way, that the money was used to pay war debts, and that many of the people in eastern Canada made large donations to assist the government in carrying on the war at that time. Now, that is the statement of Mr. Anderson, and I said to Mr. Anderson that the farmers of western Canada made five times the donations to the government, of paying debts on farm machinery that we required to purchase, that were quite equal to the payments to the government by financial magnates in eastern Canada.

Mr. BOWMAN: Then I take it from your remarks that you never did at any time intend to charge the government of 1917, 1918, 1919 or 1920—or any government, or any members of any government—with having taken unto themselves, improperly, moneys or something out of the sale of those crop years?

Mr. WHITESIDE: No.

Mr. BOWMAN: Is your answer No?

Mr. WHITESIDE: It is, in this way, that if they did sell that wheat for a higher price the money was turned into the Dominion treasury.

Mr. BOWMAN: But you have no proof that they did?

Mr. WHITESIDE: Absolutely none.

Mr. BOWMAN: As a matter of fact, now you have the information that you obtained recently, you say that the government did not handle the moneys at all arising out of that sale?

Mr. WHITESIDE: Yes, I understand that now.

Mr. BOWMAN: So that the government could not possibly profit?

Mr. WHITESIDE: No.

Mr. BOWMAN: The government never handled the money?

Mr. WHITESIDE: No; but that was not explained to me at the time.

Mr. BOWMAN: But the thing is now clear to your mind?

Mr. WHITESIDE: Quite so.

Mr. BOWMAN: Then, to sum the thing up in a nut shell, you do not charge the members of the government or any government to have profited improperly from handling the crops of 1916, 1917, 1918 and 1919?

Mr. WHITESIDE: Well, I would like an explanation as to sales of wheat at that time, owing to the export shipments to the foreign ports, and the prices paid to the farmers in Canada compared to the prices paid in the United States.

Mr. BOWMAN: But you personally do not charge any government with improper profiting from the handling of those crops?

Mr. WHITESIDE: No, I have no proof of it.

Mr. BOWMAN: Now, that clears the matter up pretty well; as a matter of fact it was just common rumour, on account of the suggestion, you wrote to Mr. Foster?

Mr. WHITESIDE: It was common rumour that was at that time in western Canada about the profit.

Mr. BOWMAN: Why has this matter been raised lately?

Mr. WHITESIDE: Well, I will explain that to you. When I discussed this with the Hon. Geo. McCraney—

Mr. BOWMAN: What year was that?

Mr. WHITESIDE: That was in 1920.

Mr. BOWMAN: But how was it that this matter has come of late?

Mr. WHITESIDE: I will come to that. In 1920 I gave this letter to Mr. McCraney, and I said that any moneys that was turned from our wheat should be paid back to western Canada for public improvements. Shortly after that Mr. McCraney died. I then discussed the question with Hon. C. A. Dunning, who was Minister of Finance in Saskatchewan, and he admitted, as I thought, that the government had made large sums of money from the sale of our wheat, but he said, "Once a thing like that is past and gone it is hard to do anything with it or get it adjusted," and he wouldn't do anything with it.

Mr. BOWMAN: What year would that be, about?

Mr. WHITESIDE: That was in 1921. At that time I was heavy in debt, and I thought it was up to me to thoroughly cut off and go to it and show the people that I could make a success of my business, before I got into a disagreement with the government; and I let the matter drop, but last year the Premier, Mr. Bennett, made an approach to the King Government to make some provision for unemployment in western Canada, and the answer that Mr. King gave he was always of the impression that eastern Canada thought that western Canada was out for special favours, and I thought that every man should be on his own feet. Then I brought the question out that the government pay to us of Western Canada the sales they made from the wheat, and that we would be able to

attend to our own unemployed and not ask for assistance. Then when the three premiers wanted us to peg the price of wheat, I objected to that after they handed us our resources, and I said the majority in eastern Canada would turn it down, the pegging of wheat; but I considered that at the same time this thing was wrong, that they did not give us a square deal in marketing our wheat in the war years, and it should be adjusted. Last year there was a representative of the government came to my place from the Department of the Interior, and he was inspecting lands in that district that had seed grain loans since 1915, and one parcel that had \$1,200 on it. We discussed it. He told me there was several million dollars owing to the government, and he explained the expenses to the Dominion Government; when the provinces took over the natural resources they were supposed to collect these things and pay it over to the Dominion Government. I took it up with our Premier, Mr. Anderson, and he understood me, I guess, and he advised me to write to the Minister of the Interior, E. C. Murphy, and I did this, and I guess Mr. Murphy had the impression that I was owing the Dominion Government for seed grain relief, and that is why I was sore. It did not take him long to make an investigation, and he wrote me in the course of a couple of weeks and said he found out that I did not owe the Dominion Government, or had not got any relief from them and he turned my letter over to the Minister of Trade and Commerce, and I corresponded with Mr. Stevens, and also with Premier Bennett, and it seemed strange to me that those gentlemen should not have looked into these things and into all the facts and replied to me and made statements.

Mr. BOWMAN: You are wandering a little away.

The CHAIRMAN: The reference to this Committee does not go beyond 1921.

Mr. BOWMAN: I am aware of that. What I really had in mind, I understood you attended a convention last winter, some time in December, somewhere, and made these charges.

Mr. WHITESIDE: That was in 1920. No, I did not make any charges.

Mr. BOWMAN: Well, to sum the matter up finally, so far as any charges against the government are concerned, you personally do not wish to make any charges?

Mr. WHITESIDE: No.

Mr. BOWMAN: And though some letters did contain what appeared to be charges, you have really no evidence to offer the Committee to support any charges of the government having actually profited by the handling of the grain of those years—1916, 1917, 1918 and 1919?

Mr. WHITESIDE: Yes, I think I have in these reports.

Mr. BOWMAN: Of the government having profited?

Mr. WHITESIDE: Well, they got more money for our wheat than they paid us for it and turned it into the Treasury.

Mr. BOWMAN: But, Mr. Whiteside, you just said a little while ago that you were quite clear that the government did not handle any of the wheat?

Mr. WHITESIDE: Yes, after I got that explanation.

Mr. BOWMAN: Having had that explanation, do you still say that the government have improperly profited by the handling of this wheat?

Mr. WHITESIDE: Improperly?

Mr. BOWMAN: Illegally?

Mr. WHITESIDE: No, I would not say that is illegal. Of course I am not a lawyer. The thing is not clear in my mind yet.

Mr. BOWMAN: What you want is some explanation as to why each government did not really pay the farmer more than \$2.21 or \$2.24.

Mr. WHITESIDE: The honest prices, yes, when they sold it for higher prices, and of course, I got those statements, and the fact—

Mr. BOWMAN: But you do not charge the government with any improper action so far as appropriating moneys to themselves?

Mr. WHITESIDE: No.

Mr. TOTZKE: I gathered from the witness that Mr. Dunning agreed with him that the government had made large sums of money?

Mr. WHITESIDE: He agreed with me that that had been done.

Mr. TOTZKE: What year was that?

Mr. WHITESIDE: 1921.

Mr. TOTZKE: Mr. Dunning agreed with you that it had been sold for more than a fixed price?—and that the government therefore had made large sums of money?

Mr. WHITESIDE: Yes.

Mr. TOTZKE: Under those circumstances I suggest that Mr. Dunning should be called.

Mr. BROWN: I do not think that would be a proper procedure at all—words passing between individuals.

Hon. Mr. STEVENS: Was Mr. Dunning referring to the \$560,000 which was later distributed?

Mr. WHITESIDE: No. He did not make any charge of false dealings.

Mr. HAY: Has Mr. Whiteside anything that he wants to place before the Committee in the way of figures, or anything else? If so, I suggest that he be allowed to do so.

Mr. WHITESIDE: Yes, I have. In regard to the export of this wheat in 1917 I have given the figures. The average price of that wheat was \$2.46½. Then, another thing, they stated that they turned this over to the British Food Commission—our wheat. Then that same year they sold to Belgium 1,517,480 bushels at \$4,051,598. If it was turned over to that Commission how did it come that they knew that this wheat was sold to Belgium, in so far as the price was \$2.67½, and how would it cost that amount of money to transport it from Montreal to Belgium. That was the 1917 crop. Then I have the crop-year of 1922, to show you the price of wheat. They exported in that year 99,498,351 bushels at a value of \$119,976,127, which defines the price at about \$1.15 a bushel. Now, I have the average price of wheat on the Winnipeg Grain Exchange for every market day that year, and it figures out an average price of about \$1.04. Figuring out the haul from farmer to Montreal at 3¼ cents a bushel, it figures that the grain trade has a margin of five or six cents a bushel, while the Dominion government has a spread of from twenty-five to forty-five. I would like that explained. Then, on the other hand, if the Dominion Government entered into an agreement with the British Government to sell our wheat at the same price that the United States sold their wheat for, we did not have anything to say in the marketing of that wheat whatever, and if the British Government bought wheat from the United States at more money than they paid the Dominion Government it was their business to see that they got the same price according to the agreement; and if they neglected doing that I feel that we should hold them responsible for it.

An Hon. MEMBER: How do you get \$1.04 as the average price at Winnipeg in 1922?

Mr. WHITESIDE: The first four months the price was lower, but there was a greater percentage of wheat marketed at that time, and then the last six months it comes pretty close to that average—I may not be correct to a cent.

An Hon. MEMBER: Does the price you quoted for 1918 include carrying charges?

Mr. WHITESIDE: Yes, carrying charges to Montreal, the same as the 1922 crop.

Mr. LOUCKS: What price do you claim was paid in the United States?

Mr. WHITESIDE: Their rate ran as high as \$3 a bushel.

Hon. Mr. STEVENS: I wonder if Mr. Whiteside would allow me to interrupt him? I think I can clear his mind right now, and if so, I am sure he will welcome it. From the figures he quotes, commencing March 31, 1918—123 million bushels, roughly, \$303 millions is supposed to have been received. From March 31, 1917—which takes in the very period Mr. Motherwell and others have referred to—there were high prices in the Winnipeg market. Now, will Mr. Whiteside allow me to read, what I read before, Doctor Magill's report explaining that point. For the crop of 1917 there was no difficulty; the Allies were willing to buy the whole of the wheat. There was some difficulty with the crop of 1918; no guaranteed price was fixed. Mr. Magill reported:—

The Balance of the Crop of 1916

Great Britain and her Allies needed the whole of the balance of the crop of 1916 and the United States did not need any of it. The Board took measures, therefore, to sell the whole of the remaining exportable surplus to the Wheat Export Company for shipment overseas.

This is in the spring of 1917, and this is what I want you to know in connection with the rather high prices for the whole of that year. In the spring of 1917 prices soared.

Naming a price is one thing; it is quite another to find a purchaser who will contract to take the article at the price fixed throughout the whole of the twelve months. For the crop of 1917 there was no difficulty in this respect. The Allies needed the whole exportable surplus wheat of Canada. They were willing to buy the whole surplus at the price fixed, and they gave a guarantee to that effect.

That period in the spring of 1917 prices were very high, which gives you the high average that this year ending March 31, 1918, did not. But after this, in August, 1917, from then on, the prices were fixed. Now, I think that explains the point.

Mr. WHITESIDE: No, in 1917 the prices ranged around \$2.40 and it was around March, 1917, that they took control of the marketing.

Mr. TOTZKE: I suggest that Mr. Whiteside be allowed access to any documents that have been filed this morning, so that he can prepare his statement for to-morrow.

The Committee adjourned until to-morrow at 11 a.m.

SESSION 1931

HOUSE OF COMMONS

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

1931

MINUTES OF PROCEEDINGS AND EVIDENCE

1931

WEDNESDAY, JUNE 17, 1931

WITNESS:

Robert Whiteside.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

WEDNESDAY, June 17, 1931.

The meeting came to order at 11 o'clock a.m., Mr. Senn in the chair.

Members present: Messrs. Barber, Blair, Boulanger, Bowman, Bowen, Brown, Campbell, Coote, Garland, Hay, Loucks, McMillan, Moore, Motherwell, Myers, Perley, Pickel, Senn, Shaver, Smith, Taylor, Totzke, Tummon, Weese, Weir (*Melfort*), Young.

The minutes of the meeting of Tuesday, June 16th, were read and confirmed, as amended.

Hon. Mr. Motherwell raised an objection to the incompleteness of the correspondence, as reported in the printed evidence of May 28th, between himself and the Hon. James Malcolm, Minister of Trade and Commerce and F. C. T. O'Hara, Deputy Minister of the Department of Trade and Commerce. Whereupon it was agreed that letters of September 4th and September 10th, 1929, should be printed to complete the record. (See printed minutes of evidence of this date.)

Hon. H. H. Stevens filed, Statement of Monthly Prices of Wheat No. 1 Manitoba Northern, 1917-1919, and Statement of Wholesale Prices of Wheat at Chicago, by months, 1917-1919.

Robert Whiteside was recalled and examined, his examination to be continued at the next meeting.

Mr. MacMillan, M.P. (*Saskatoon*), appeared before the committee, and by leave of the committee, made a statement.

Mr. Totzke referred to the allegations in the telegram addressed to the Clerk of the committee by H. C. Beatty, that the facts of the actual detailed purchase price paid for cargoes of Canadian Wheat, is obtainable from the British Board of Trade and verified by the Auditor General of Great Britain, and suggested that an effort should be made to obtain this information.

Hon. Mr. Motherwell requested that returns asked for by him in the House be expedited.

The question of calling further witnesses was discussed and left in abeyance.

The meeting adjourned till 10 o'clock a.m., June 18th.

A. A. FRASER,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

WEDNESDAY, June 17, 1931.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock, a.m., Wednesday, June 17, 1931, Mr. Senn in the Chair, respecting Order of Reference of May 26, 1931:—

That matters referred to in Return Nos. 147-147A be referred to the said Committee with instructions to examine such records as may by the Committee be deemed necessary, and to hear such witnesses as it may desire, and call for such papers in connection therewith, and to report to the House.

The CHAIRMAN: We now have a quorum gentlemen, and we will hear the minutes of the last meeting read by the Clerk.

Minutes read.

Mr. BOWMAN: There is a part of the minutes which contains this expression, "that the producers of wheat had not received the returns that might have accrued to them if proper marketing had prevailed." I do not think that is quite correct. We are not raising the question here as to proper marketing.

Hon. Mr. MOTHERWELL: What is that again?

The CHAIRMAN:

Mr. Robert Whiteside was then called and sworn. The witness was examined at length by Mr. Bowman, several other members of the committee asking questions. At the time of adjournment the witness was presenting evidence in support of his contention that the producers of wheat had not received the returns that might have accrued to them if proper marketing had prevailed.

Mr. WHITESIDE: I meant to say that my contention was that we did not get prices according to the information I got that the government had received for wheat.

Mr. BROWN: It is not marketing, but accounting.

(Discussion followed and Minutes adopted as amended.)

The CHAIRMAN: Mr. Whiteside is anxious to get home, and if possible, we would like the members to conduct the proceedings to-day so that we can dispose of Mr. Whiteside's evidence at this meeting if possible.

Hon. Mr. MOTHERWELL: I gave notice at the previous meeting that I would like to draw attention of the committee for a few moments to an omission in the evidence. I wish to direct attention to page four of the evidence of May 28th and June 4th of the meetings of the committee. You are all familiar with the letter of Mr. O'Hara which appears there, and I think we will concede it to be a very good exposition of the situation. In that letter he refers to the difficulty in dealing with certificates that turn up after the accounts had been closed, and he deals with one in particular, taking Mr. W. R. Patterson as a case in point. Now, the Minister, in his remarks, quite unintentionally, I am quite sure,

omitted to give my letter that this other letter was the answer to; I stated: "it appears that Mr. Motherwell and Mr. Young, a former member from Saskatchewan, presented a participation certificate, or urged that a participation certificate that had been presented should receive consideration."

Mr. BOWMAN: What page are you reading from?

Hon. Mr. MOTHERWELL: Page four, Mr. O'Hara's letter. It is quite unintelligible—that statement in Mr. O'Hara's letter—without my letter. "I read this answer so that you may have in a concise form before you the considered view of this case." Now, how can you have the considered view of this case if you have only one side of it presented? "Every consideration was given to this matter and this is the answer. This is a letter addressed to Mr. Motherwell, Minister of Agriculture, September 4th, 1929, file No. 24181, with the heading 'Wheat Participation Certificates Mr. W. R. Patterson'." I am going to exonerate the Minister from any blame in connection with this matter; it is an oversight.

Hon. Mr. STEVENS: Do you want your letter in?

Hon. Mr. MOTHERWELL: I think it should be in.

Hon. Mr. STEVENS: Oh, all right. I read Mr. O'Hara's letter to show the official departmental view.

Hon. Mr. MOTHERWELL: Dr. Young was not there at all. If it was any Mr. Young it was the member for Weyburn.

The CHAIRMAN: We will have Mr. Stevens read Mr. Motherwell's letters into the record.

Hon. Mr. STEVENS: I want to assure both Mr. Motherwell and the committee that the only reason I read Mr. O'Hara's letter was to illustrate the point under discussion. The first letter which prompted Mr. O'Hara to answer was dated August 31st, and reads as follows. It is addressed to Hon. James Malcolm, Minister of Trade and Commerce:—

I am in receipt of a communication this morning from our Superintendent of the Experimental Farm at Indian Head, again calling my attention to the fact that Mr. W. R. Patterson's wheat participation certificate No. 37584 has not yet been adjusted. You will doubtless recall that I had this matter up with you two years or so ago and I was under the impression that this wheat certificate had been paid, not having heard anything of it in the meantime until I recently called at the Experimental Farm at Indian Head when Mr. Gibson reminded me, verbally.

You will doubtless recall also that Mr. Patterson donated 640 acres of land to the government as a very necessary addition to the Experimental Farm at Indian Head, which constituted, I think, an additional reason why we should do the square thing for him in the adjustment of this claim. True, I recognize that this wheat participation account has been closed for some time, but a vote, I think, can always be placed in the estimates and fully justified for the liquidation of such just and reasonable claims.

Commending this method of solution to your best business judgment, I remain,

Yours very truly,

(Sgd.) W. R. MOTHERWELL.

Then, follows Mr. O'Hara's letter which is already in the record on page four of the evidence of May 28th, and was followed by another letter from Mr. Motherwell dated September 10th, 1929, which reads as follows:—

F. C. T. O'HARA, Esq.,
Deputy Minister of Trade and Commerce,
Ottawa.

DEAR MR. O'HARA,—Replying to your favour of the 4th inst., re Mr. W. R. Patterson's wheat participation certificates, I may say that on reading your letter over carefully, I can appreciate the difficulties and work involved in meeting my request that these wheat certificates at this late date, be paid.

Your very full and complete summary of the whole situation, and what this would mean, has induced me to not press this matter further and we will just have to take chances that Mr. Patterson is a sensible man and will also appreciate the difficulties of opening up this old account again, with all that that implies and involves. Thanking you for your very full and complete resumé of the situation, I remain.

Yours very truly,

(Sgd.) W. R. MOTHERWELL.

The CHAIRMAN: Now, we have Mr. Whiteside with us. He was giving us evidence yesterday, and I think he had better continue his evidence.

MR. WHITESIDE: As I have stated, I have just a little explanation to make. It somewhat puzzled me to have to come here as I had prepared a statement that I figured would be read by the Chairman, and that the committee could have asked me questions on it. I was examined by Mr. Bowman. I consider Mr. Bowman was strictly doing his duty, but it is not giving me a fair chance. Now, the situation was this when I came here to Ottawa and discussed this question with some of the members of the committee—men who I have confidence in—and they said to me that Mr. Foster was wrong in his statement to me. It was only fair for me to come here and say, "I do not believe that; I still believe the government did appropriate this money to themselves." What I want to get clear in your minds is that I do not wish to be unfair with the government, the Department of Trade and Commerce, or anyone else; but at the same time I feel that Mr. Foster should make a statement admitting that his statements to me were incorrect, and explain how it came about, and that will clear the situation as far as I am concerned, and will be satisfactory I think, to the people of western Canada. I feel that I am justified in asking for that. Now, I was dealing with the statement as I had it in my own mind before I came here, and got all that information—I was presenting this evidence in regard to the sale of this wheat. But I may say this that while Mr. Bowman made it clear that it was the Board of Grain Supervisors that handled the wheat, and not the government, yet, at the same time, it was the government that took control of the marketing of our wheat, and appointed the Board of Grain Supervisors, and outlined the policy whereby they should be governed, and they had the authority to take this wheat from us at a fixed price, and sell it in the markets of the world, as I understand it.

Hon. Mr. MOTHERWELL: The Order in Council gives them that authority.

MR. WHITESIDE: Yes. That being the case, then of course I felt—

MR. BROWN: And sell it in the markets of the world?

Hon. Mr. MOTHERWELL: To the allied countries.

Mr. WHITESIDE: Yes. I stand corrected on that. That being the case, I got this statement showing what business was done, and as I read two items there—

Hon. Mr. MOTHERWELL: Give your authorities as you go along.

Mr. WHITESIDE: This is taken from the Department of Dominion Statistics from the crop year of 1917, ending March 31st, 1918.

Hon. Mr. STEVENS: That is not the crop year.

The CHAIRMAN: That is the fiscal year.

Mr. WHITESIDE: Well, I agree with you that it is hard to bring the two into one, but that amount of wheat was delivered to the United Kingdom. Well, part of it would have been the crop year of 1916. What I was getting at was the price it was sold at, and taking the fact that the price of our wheat in 1916—what it was selling at—and considering the fact that we had not over fifteen or twenty per cent of contract grades, and the price that the low grades sold at, well, that value represented a price of \$2.46. If we got right down and figured it out, it would represent a price more than that. I take it to be fair—and I am sure I shall not take advantage of the government in this—it figures out at a price of \$2.46½, whereas we were paid the price of \$2.21. I figured that that would be at the port of export at Montreal, and I added that 6¾ cents per bushel for transportation there. There was 123,384,759 bushels, and it represented a value of \$303,776,038.

Mr. BOWMAN: What year did you make that for?

Mr. WHITESIDE: 1917.

Hon. Mr. MOTHERWELL: Based upon the fixed price?

Mr. WHITESIDE: Now, here is the situation, figuring that on the fixed price. Now, considering the price that was fixed to the farmer, \$2.21 One Northern basis Fort William, and considering the light yield of that year, there was only a small percentage of our wheat One Northern, and taking the average price of our wheat that year, it would not represent a price over \$2.14. I feel there is a spread there of about twenty-five cents per bushel that I feel the government should explain; and the price to Belgium—the shipments to Belgium, 1,517,408 bushels—that price represented \$4,051,398, or a price of \$2.67½ a bushel. Now, of course I will accept, possibly, there was insurance charges added or something like that, which I have no way of knowing. The fact is this: in studying this question with the Dominion Government, they took my rights away from me and I had no way of knowing what this wheat was sold for unless I went to the Dominion Government for the facts. I could have written to the British Government, to the Hon. David Lloyd George, and got a statement of what they had paid for the wheat, or I could have gone to the United States Government and got the price that their wheat was sold for. I feel that we ought to be able to settle these things among ourselves. I have that much faith in the Dominion Government. I have been laughed at in western Canada when I tried to reason with them. I have always found that if a man comes to me about unfair dealing, if I went and dealt with him he was always ready to consider it—and particularly with the government. There are two statements. They sold to the Netherlands, France and Italy. This is sufficient to show what I have in mind.

Mr. BROWN: I have the figures here for the total sales for the fiscal year 1918, and the total sales were 150,392,137.

Mr. WHITESIDE: That is correct.

Mr. BROWN: That is the same year you have?

Mr. WHITESIDE: Yes.

Mr. BROWN: The average price is \$2.43 for the fiscal year.

Mr. WHITESIDE: That is correct.

Mr. BROWN: I am giving the whole figures for all the exports.

Mr. WHITESIDE: Yes.

Mr. BOWMAN: Are you covering the fiscal year 1919?

Mr. WHITESIDE: I did not go into the figures of 1918-1919. I figured this was sufficient, because I know it is taking up a lot of your time.

Mr. PERLEY: When you take the fiscal year and the crop year you are mixing the thing up. The whole situation was handled on the basis of the crop year from the 31st of August to the 1st of July.

Mr. WHITESIDE: I cannot do that because I haven't the figures.

Mr. PERLEY: That is the basis on which the Board has handled the grain.

Hon. Mr. STEVENS: Would Mr. Whiteside permit me asking him a question or two. I have given Mr. Whiteside the figures for the fiscal year from March 31st, 1917, to March 31st, 1918. The crop year is from July 31st to July 31st each year; is that correct?

Mr. WHITESIDE: Not as the Board of Grain Supervisors handled it; it was from September.

Hon. Mr. STEVENS: Pardon me, the crop year. Let us get the record clear. The crop year is from the 1st of August to the 31st July.

Mr. WHITESIDE: Yes.

Hon. Mr. STEVENS: Let us please get this straight. In this particular year—that is the crop year of 1917-18—there would be included the months of April, May, June and July of the crop year of 1918?

Mr. WHITESIDE: Yes.

Mr. BROWN: 1916?

Hon. Mr. STEVENS: 1917. In the months of April, May, June and July, the market was open. Is that correct?

Mr. WHITESIDE: Yes.

Hon. Mr. STEVENS: There was no Board of Grain Supervisors controlling it? That is 1917, for four months. In those months, you will recall—and yesterday I read from Dr. Magill's report that there was quite an excitement and a threatened corner of the wheat market and the Grain Exchange closed down its selling of futures; you recall that?

Mr. WHITESIDE: Yes.

Hon. Mr. STEVENS: And as a result of that the prices were abnormally high?

Mr. WHITESIDE: Yes.

Hon. Mr. STEVENS: I have under my hand this document from the Dominion Bureau of Statistics showing the wholesale prices of wheat at Chicago during that period. I think I have here as well the Winnipeg prices. I am not sure. These are the wholesale prices at Winnipeg. You will notice this: One Northern wheat per bushel, Fort William and Port Arthur basis, average daily price during the month of April—you will notice it says \$2.30; during the month of May \$2.72·4; during the month of June \$2.46·4; during the month of July \$2.36. For a part of August that was uncontrolled, it is \$2.39·4. Now, following that there began the fixing period at \$2.21, and the list shows the price from then on at \$2.21?

Mr. WHITESIDE: Yes.

Hon. Mr. STEVENS: Would this not explain your difficulty, that included in your figures are four months and a half, approximately, that were uncontrolled—open market dealings—which account for those shipments to Belgium and other places, and that would show a higher average price than if you took the fixed price of \$2.21. Do you admit that?

Mr. WHITESIDE: Quite true. I want to explain that.

Hon. Mr. STEVENS: Let us clear that.

Hon. Mr. MOTHERWELL: For three weeks it was \$2.40.

Hon. Mr. STEVENS: Therefore, that accounts for a discrepancy in that time as between the fixed price of \$2.21 and the average you figure out from the Bureau of Statistics' figures by those four or five months of uncontrol?

Mr. WHITESIDE: Yes. I will show you very clearly in those four months. Considering the fact that there was only a small percentage of our wheat at contract grades for the 1916 crop, the average for our grades of wheat bought on the Winnipeg market would not even equal \$2.21.

Mr. BOWMAN: And yet the price is fixed at \$2.40?

Mr. WHITESIDE: It was fixed for three weeks at \$2.40, but Mr. Stevens tried to make out that by taking those prices as the prices, would it be out of line in saying that the price value on those shipments of wheat to Britain would be less than \$2.46, while I contend when we realize that there was such a great percentage of our wheat at low grades, it would be more.

Mr. MYERS: Would it not be those figures that the Bureau of Statistics would work on for Mr. Stevens' figures?

Mr. WHITESIDE: No. Those shipments of wheat did not reach 120,000,000 bushels of One Northern wheat. It represented the shipments of all grades. We did not grow 120,000,000—

Hon. Mr. STEVENS: Have you any evidence to offer the committee to support your present contention that the value of the wheat exported—the grade of the wheat exported was low grade, and what proportion?

Mr. WHITESIDE: They took all our wheat, and they did exhaust a portion of our low grade wheats for contract grades. They admitted that. I think I am quite fair.

Mr. BROWN: I am going to ask you a question. In all your calculations have you ever taken into account the possibility of mixing going on in the elevators whereby the amount of high grade wheat is raised?

Mr. WHITESIDE: Well, I will tell you, that will work all right if there is an average percentage of each grade; but in a year like 1916 when there was only a small percentage of One, Two and Three Northern, they could not very well do a great deal of mixing and get away with it.

Mr. BROWN: I am prepared to believe myself that the explanation of the discrepancy would be found largely in that direction if we could get at the facts; but, of course, we cannot.

Mr. WHITESIDE: I do not think that will bear out, because in 1917—that crop year there was a fair percentage of One, Two and Three Northern, and there was a small percentage of Four and Five.

Mr. BROWN: Which year do you refer to?

Mr. WHITESIDE: 1917. So I consider that on all grades the price for 1917 would not average over \$2.14, and besides, taking the fiscal year, the greater percentage of our wheat in the 1917 crop would be sold between the months of September and March. I have taken those two statements to give proof of what I contended. The committee can go ahead and figure out the rest if they wish. The next fact I will offer is this. According to the evidence in the debate of May 12 of this year, it stated that the government agreed with Great Britain to sell our wheat at the price they could buy the United States wheat. Now, this is what I cannot understand. The United States set a minimum price for wheat, and the statement offered by Mr. Stevens yesterday from the Canadian Council of Agriculture sustains me in that, and they stopped future trading, and buyers were permitted to bid prices for higher wheats in competition. In

1917, the prices of wheat in the United States were fairly stated at \$2.21 and \$2.23, so I shall not offer another complaint in regard to whether or not we got a square deal in that respect.

Hon. Mr. STEVENS: Will you accept the figures of the Bureau of Statistics?

Mr. WHITESIDE: In July, 1918, the prices of wheat raised to \$2.46, but the minimum price was \$2.23½.

Hon. Mr. STEVENS: Where did you get that figure; for July, 1918?

Mr. WHITESIDE: Yes.

Hon. Mr. STEVENS: Would you give your authority for it?

Mr. WHITESIDE: I have the figures from Mr. Sanford Evans.

Mr. BOWMAN: Where?

Mr. WHITESIDE: I do not think he would be inclined to give me anything wrong.

Mr. BOWMAN: What figures are you speaking about; Canada or the United States?

Mr. WHITESIDE: United States.

Mr. BOWMAN: What is your authority for them?

Mr. WHITESIDE: Mr. Sanford Evans.

Hon. Mr. STEVENS: I think we ought to settle these points. We have to have some finality in this matter. I will file "Dominion Bureau of Statistics—Internal Trade Branch—Wholesale Prices of Wheat at Chicago, By Months, 1917, 1918, and 1919".

I will also file, "monthly prices of wheat No. 1 Manitoba Northern, 1917, 1918 and 1919, Fort William and Port Arthur basis". I think we might as well have those.

(Two documents filed.)

Mr. WHITESIDE: I am pleased Mr. Stevens is going to file those figures.

Mr. CAMPBELL: In the United States this system has always been followed in the handling of grain; high protein grain is always bid at a premium. Now, it seems to me that for the sum total of grain handled, even if the figures show \$2.21, the premium paid on high protein grain would practically average up.

Mr. WHITESIDE: These are the cash figures Mr. Stevens has got, and I have the same. We agree on that. Here is my contention: if the Dominion Government enter into an agreement with the British Government to sell our wheat at the same price as the United States sold their wheat, it was their duty to see that Britain paid us the same prices. I contend they did not. I will not present these figures, because I will let Mr. Stevens present his. I have also a letter here that I will show Mr. Stevens, from Mr. Foster, showing how things were misrepresented.

Mr. PERLEY: What figures did you give for the amount of export grain for 1917? You must confine yourself to the crop year.

Mr. WHITESIDE: I haven't got the crop year. I can get it.

Mr. PERLEY: I do not think there is any idea in arguing at all unless you confine yourself to the crop year.

Mr. WHITESIDE: I will give you the crop year, 1917. In the crop year of 1917, Canada exported to Great Britain, 169,240,338 bushels of wheat; but you see that was her total exports. Whereas, to Britain, in that year it will show that they exported 123,000,000 bushels—it was to different countries. It is very difficult to get the facts and then compare them with the statement from the Dominion Bureau of Statistics where they were giving values of what this wheat realized on the fiscal year.

Hon. Mr. STEVENS: Now, if Mr. Whiteside is through, I would like to ask him one question. Mr. Whiteside, I am basing this on a statement you made as published in the Saskatoon Star, and to which I am taking no objection. I will read it, and then I will ask you one question. You say, "I am happy and delighted to have the privilege of appearing before the Committee of Agriculture whereby I will produce the evidence to prove the charges I have made; otherwise I will withdraw the charges and make an apology." Now, I am not going to hold you exactly to that, but what I would like is a statement from you. I would like to ask you this, in view of these very widely reported allegations and statements, and in view of the added information that you have received here, would you be prepared to say that you are now satisfied that you were largely mistaken in the statements you made?

Mr. WHITESIDE: Mr. Chairman, the only thing I can say is that the only thing I have been mistaken in is the statements that Mr. Foster gave me. As far as saying I would be delighted, in the Star—when this thing came up I said: yes, I was willing to come before the committee; I didn't say I would be delighted and all those things, but of course, they enlarged on this, Mr. Stevens. I will tell you gentlemen. I am sorry that this had to take place. If I was going on some other mission that was more pleasant, I would have been delighted; but you will see that these things do exist between—more particularly between western Canada and eastern Canada; to-day. I have never—I do not think there is any member of the government or anybody can say I have been out knocking the government. Right now is the time when every man should be loyal to the government, and take off his coat and keep going, and do not be knocking. Now, as far as western Canada is concerned I consider there is no other country in the world that has got the come-back to it; there is no other class of people with that ambition and courage that you will find in western Canada; and regardless of what things have taken place, I feel that if we could get down to business and face the thing squarely—I know western Canada has made mistakes, and I feel this is one way we can clean things up between eastern Canada and the west. If the fault lies with us it is up to us to find out where our mistake is, and get our house in order, and get away to a new start. I tell you it is just too bad for the whole of Canada. I do hope seriously that western Canada will have a good crop this year, even though I would not make a dollar. It would furnish a lot of labour in Canada and business for the railways, and I tell you the railways in Canada need it. The only complaint I have had with the government ever since I came to western Canada was this crop of wheat; but I have had grievances with the banks of Canada, and I think they have been very unfair to us, and if it would not be out of order, I would like to make a couple of statements with regard to business.

The CHAIRMAN: I do not think we can go into that. Our reference is explicit.

Mr. PERLEY: You have come before this committee, and when you return to the west, the reporters will interview you. What statement are you going to make to those reporters when you return?

Mr. WHITESIDE: Now, I will tell you. There is one thing I would like to have cleared up, and that is for Mr. Foster to make a statement admitting that he misinformed me, and I am willing—I am satisfied that the committee will deal fairly with this question, and make a statement as they find it—as I have presented it—and I am going to assure you that I am going to be satisfied with that statement as it is given.

Hon. Mr. MOTHERWELL: You say you were misled by Mr. Foster's statement?

Mr. WHITESIDE: Yes.

Hon. Mr. MOTHERWELL: Which subsequently made you make statements that were not accurate?

Mr. WHITESIDE: Yes. I want to say this that until that statement is made I am justified in accepting Mr. Foster's statement as true; but at the same time I am broadminded enough that I do not think that members of this committee—there is Mr. Campbell and others I know from western Canada—would come and tell you these things if they did not sincerely believe them. I expect these men went into this thing and got the information.

Hon. Mr. MOTHERWELL: We have not anything from Mr. Foster.

Mr. WHITESIDE: No. We have nothing from Mr. Foster; and I feel that should be coming.

Mr. BOWMAN: Of course, your letter of January 19, 1920, was addressed to Sir George Foster, and you made your original charges before you ever heard from Sir George Foster.

Mr. WHITESIDE: I did not make any charges. I stated the mistaken idea I heard and I asked him if these things were true. I did not mean to lay charges at that time.

Mr. BOWMAN: Don't you think it would be fair to this committee if you frankly stated that you have no grounds for making any charges against the government in regard to the handling of the wheat crop?

Mr. WHITESIDE: I could not do that because these rumors came to me, and I thought things were very strange.

Mr. BOWMAN: But you have already done that; you told us yesterday—

Mr. WHITESIDE: Yes, but as I stated—I explained why it would be unfair for me to get up and say I fully believed in the face of Mr. Campbell and others telling me different.

Mr. BOWMAN: Have you any charges, Mr. Whiteside, against the government for the handling of the wheat crop of 1916, 1917 and 1918?

Mr. WHITESIDE: As far as this case is concerned, I have explained, I have gone over those statements, and the prices of the wheat in the United States that Mr. Stevens has submitted to the committee.

Mr. BOWMAN: Have you any charges to make against the government? Now, let us clear that up at least.

Mr. WHITESIDE: Now, if I am clear on the question, I think that until the government does clear this up, then—

Mr. BOWMAN: Clear what up?

Mr. WHITESIDE: These statements.

Hon. Mr. MOTHERWELL: He has a complaint against the government if what Sir George Foster says is true.

Mr. WHITESIDE: Yes. If what Mr. Foster says is true. If the statement Mr. Foster has made is true, and if these statements are true according to the statistics, and according to the prices that have been paid for wheat in the United States—according to what Mr. Stevens has already submitted to you.

Mr. BOWMAN: Have you any charges to make against the Government or any government, for the handling of the crop of 1917, 1918 or 1919?

Mr. WHITESIDE: I will say this. I think the government took the right course, owing to the conditions as they existed.

Mr. BOWMAN: Have you any charges as to their misappropriating, or improperly handling the proceeds or any part of the proceeds of those crops?

Mr. WHITESIDE: Yes. If those prices were sustained, I have.

Mr. BOWMAN: What are your charges?

Mr. WHITESIDE: That this wheat sold for more money than they paid the farmer.

Mr. BOWMAN: That is, that the Canadian wheat sold for more money in the Old Country?

Mr. WHITESIDE: Yes.

Mr. BOWMAN: All right. Prove that.

Mr. TOTZKE: I think that Mr. Whiteside is quite justified in asking that Sir George Foster make a statement in connection with the statements made in his letter, because that is the basis of Mr. Whiteside's so called charges. May I read this portion of Sir George's letter to bring it to the attention of the committee?:—

Mr. MACMILLAN: Mr. Chairman, I would ask your permission to address the committee.

Mr. TOTZKE: I would move, Mr. Chairman, that Mr. MacMillan be heard. Agreed to.

Mr. MACMILLAN: Mr. Whiteside mentioned my name yesterday in connection with this matter. He said he came and talked to me about this in 1920. I have known Mr. Whiteside for quite a long time, and I may say that I have great respect for him; but he is an expert on a great many subjects. He has discussed banking with me, and railway freight rates and all these different things.

He stated yesterday also that I directed him to Mr. George McCraney, the then sitting member for the constituency which I represent; and Mr. McCraney directed him to the Hon. Mr. Dunning; and I think my friend, Mr. Motherwell, was a minister at that time in 1920.

Hon. Mr. MOTHERWELL: No, I was back on the farm.

Mr. MACMILLAN: It is quite patent on the face of it that the government of that day were apprised of Mr. Whiteside's hallucination.

Mr. WHITESIDE: In Saskatchewan only.

Mr. MACMILLAN: And they were more interested in it than was the Dominion government. Did Mr. Whiteside pursue his interviews with Mr. Dunning at that time, and if not why not?

Mr. WHITESIDE: I took up the matter with Mr. McCraney, and he said at that time that the money should be paid back.

Mr. MACMILLAN: You assumed that that amount of \$80,000,000 or \$90,000,000 was then available?

Mr. WHITESIDE: When I took it up, Mr. McCraney said he supposed the government took that means of raising money for the war.

Mr. MACMILLAN: You are now giving evidence as to a man who cannot be reached to substantiate it.

Mr. WHITESIDE: And I would not take any advantage of him. Shortly after that Mr. McCraney died. Mr. McCraney did not refer me to Mr. Dunning at all, but it was after Mr. McCraney died that I went to Mr. Dunning.

Mr. MACMILLAN: I understood you to say that he did. Then why did you not pursue it with Mr. Dunning?

Mr. WHITESIDE: Mr. Dunning admitted that these matters had passed, but that it would be a hard matter to adjust it.

Mr. MACMILLAN: So that you let it stand until this government came in.

Mr. WHITESIDE: That is true. I let it stand until Mr. Bennett asked for some relief for Western Canada, and then I thought it was time to tell the Dominion government that if they paid the grain producers of the West what was due them for the war years, such relief would not be called for.

Mr. MACMILLAN: I want Mr. Whiteside to go home to Western Canada and not plaster our papers week after week giving the people the impression that the government had stolen eighty, ninety or one hundred million dollars from the people of Canada.

In the eight or nine years, did you ever speak of it to Mr. Motherwell?

Mr. WHITESIDE: No, I have never seen him.

Hon. Mr. MOTHERWELL: Did I ever see you?

Mr. WHITESIDE: No.

Hon. Mr. MOTHERWELL: Did you write to me?

Mr. WHITESIDE: Only one letter.

Hon. Mr. MOTHERWELL: Did I answer it?

Mr. WHITESIDE: No.

Mr. LOUCKS: Why did you not go on with it?

Mr. WHITESIDE: After I had appealed to Mr. Dunning and it was not done, I did not see how I could have any success in it at that time.

Hon. Mr. STEVENS: In the light of the evidence which has been presented to the committee, and in the light of the explanations which you have heard, and in the light of explanations which have been made about Sir George Foster's letter, are you now satisfied that the statements made are based upon mistaken grounds, and will you leave here satisfied that there is not this awful scandal? Are you satisfied; are you leaving here satisfied with the treatment you have been accorded, and the explanation you have received?

Mr. WHITESIDE: I think they are very fair.

Hon. Mr. STEVENS: Are you satisfied?

Mr. WHITESIDE: I would like to have Mr. Foster here to make that statement that he mis-stated the facts to me, and I think that would drop it.

Mr. SMITH: That is absolutely unfair.

Mr. WHITESIDE: I do not see it that way. As the last gentleman said, we want things settled up properly.

Mr. BOWMAN: Have you established in your mind now that the government did not steal fifty, seventy-five or one hundred million dollars from the farmers in the handling of this grain?

Mr. WHITESIDE: Now, here is the situation. There was a report brought in by Mr. Tooley explaining that, but I have never seen that report. It was submitted to-day. I have submitted this evidence, and I think the committee will look into that, and the evidence submitted by Mr. Stevens in regard to these operations, and I think when you consider these things, things will be cleared up.

Mr. BOWMAN: Have you any charges to make against any government of improperly taking moneys from the farmers in the handling of the crops of 1916, 1917, 1918 and 1919?

Mr. WHITESIDE: I don't know.

Mr. BOWMAN: Don't you think a fair answer to that question is coming to this committee?

Mr. WHITESIDE: Well, here is the situation—

Mr. BOWMAN: Never mind the situation.

Mr. TOTZKE: Give the witness a chance to answer.

Mr. WHITESIDE: I do not wish to be unfair.

Mr. BOWMAN: Nobody is accusing you of that.

Hon. Mr. MOTHERWELL: That is about the way you attacked him yesterday.

An Hon. MEMBER: Answer the question yes or no.

Hon. Mr. MOTHERWELL: Why don't you tell them who you supported last time?

Mr. WHITESIDE: They know that all ready.

Mr. BOWMAN: I am asking Mr. Whiteside a plain question as to whether he has any charges to make against any government for the improper use of moneys realized through the sale of the crops of 1917, 1918, 1919?

Mr. WHITESIDE: I do not think I can answer that question until this evidence is considered by this committee, and it has given a report. I told you I was willing to accept the report of this committee. I consider I have been favoured by having the privilege of presenting my grievance to this committee, and if you find that that is not correct, then that is perfectly satisfactory to me.

Mr. SMITH: I think we ought to keep Mr. Whiteside here until he answers that question or makes a charge.

Mr. BOWMAN: Have you any charge to make?

Mr. WHITESIDE: Yes. I will have to make the charge that we have not got an account, or that the government did not return all the money to the farmers of western Canada that they got from the sales of this wheat according to this statement, and then I find that Mr. Tooley's report has come to this committee and that he has given all the statements for what the wheat sold for, and which was turned over. I have never seen that; but at the same time if this committee is satisfied that Mr. Tooley's statements are correct, it is satisfactory to me.

Mr. BOWMAN: There is the point.

Mr. WHITESIDE: I think I have tried to be fair. I do not wish to be unfair with Sir George Foster or this committee, or the Dominion Government.

Mr. BOWMAN: You told us yesterday that you did not intend to make any charges against any government, did you not?

Mr. WHITESIDE: Yes. Well that is correct.

Mr. BOWMAN: Then do we understand you to say now that you never intended to make any charge against any government?

Mr. WHITESIDE: You are referring now to the question regarding this wheat?

Mr. BOWMAN: Certainly.

Mr. WHITESIDE: I had made the charges.

Mr. BOWMAN: You have made them?

Mr. WHITESIDE: Yes.

Mr. BOWMAN: Yesterday you said you did not intend to make any.

Mr. WHITESIDE: If I did, I misquoted myself.

Mr. BOWMAN: What have you to say now?

Mr. WHITESIDE: I have just told you.

Mr. BOWMAN: Have you any charges to make against any government?

Mr. WHITESIDE: I have told you, according to what statements I had there, that I had; but, on the other hand, I told you that according to what I have learned that Mr. Tooley has given you a report regarding the handling of these three crops, and as I understand, the committee appears to be satisfied, and if that is the case, it is satisfactory to me.

(Discussion followed regarding calling Sir George Foster.)

The CHAIRMAN: Before we discuss calling Sir George Foster, Mr. Whiteside is here, and we must decide whether we are ready to discharge him. I understand he wants to leave if possible before the hour is up.

Mr. CAMPBELL: Mr. Whiteside made, I should say, a qualified withdrawal of the charges. He stated that so far as he is concerned there is only one fly in the ointment to-day, and that is Mr. Tooley's statement. He has not had an opportunity to go into that, and he has stated that if the committee are satisfied with Mr. Tooley's statement, then that satisfies him.

Mr. WHITESIDE: Absolutely.

Mr. CAMPBELL: Now, it is only a matter of giving Mr. Whiteside access to that file, and allowing him to go over Mr. Tooley's statement, and if he is satisfied with that, I think—

Mr. WHITESIDE: I do not think I have read Mr. Tooley's statement.

Hon. Mr. MOTHERWELL: How can you be satisfied with it?

Mr. WHITESIDE: I said I thought that this committee was a body of well-thinking men, and I am not suspicious of them.

Mr. CAMPBELL: It seems to me that if Mr. Whiteside has access to that file, and clears that matter up in his own mind, he will be prepared to make a complete withdrawal and go home satisfied. I think it will be very unfortunate, after all our trouble, if Mr. Whiteside goes home not thoroughly satisfied. I think we should deal with this matter coolly and dispassionately, and see that Mr. Whiteside is thoroughly satisfied, and then the matter will be ended.

Hon. Mr. MOTHERWELL: May I ask Mr. Campbell why he felt that Mr. Foster's letter was incorrect, and conveyed that information to Mr. Whiteside?

Mr. WHITESIDE: That is not why I brought up this question at this late date; it was last fall when the Premiers of the three provinces came before this government and asked them to state a minimum price on wheat of seventy cents a bushel, and I disagreed with them, because I knew they would not consent to these things, and I said to those Premiers at that time, "if we could get this money that was owing, we could get along without asking for any assistance," and besides, I did not favour that principle of asking the government to fix the price of our wheat. That was why it was brought up.

Mr. BOWMAN: I think Mr. Campbell's suggestion is the correct one. We have gone far with this evidence, and I think the committee and Mr. Whiteside should bring the matter to a definite head, we should ask Mr. Whiteside to remain over for another day. He should have access to these files, accounts and everything that we have, and particularly the statements made by Mr. Tooley and Dr. Magill. Then Mr. Whiteside can come before this committee with his mind definitely made up as to whether he has any charges to make, or whether there was any justification for his statements.

Mr. WHITESIDE: When I go over these statements of Mr. Tooley's, would it be acceptable for me to make a written statement and hand it to the Chairman of the committee?

Mr. BOWMAN: I think not.

Mr. WHITESIDE: I think it could be quite clear. If Mr. Tooley's statements are correct, my statement would be "no".

Mr. BOWMAN: That is all we want. Just look the matter over.

Hon. Mr. WEIR: I think this matter ought to be finished up first.

Mr. BOWMAN: Mr. Whiteside should come before this committee, and we should have this matter cleared up definitely; it should be disposed of. It will take only a short time. I suggest that Mr. Whiteside be requested to remain until to-morrow morning. In the meantime he can look over the records and finally give us the answer to the question as indicated.

The Committee adjourned to meet at 10 o'clock Thursday, June 18th, 1931.



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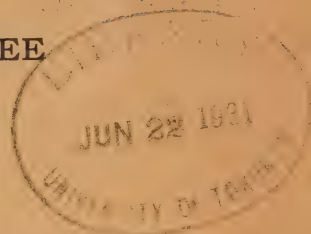
Government
Publications

SESSION 1931

HOUSE OF COMMONS

SELECT STANDING COMMITTEE

ON



AGRICULTURE AND COLONIZATION

1931

MINUTES OF PROCEEDINGS AND EVIDENCE

1931

THURSDAY, JUNE 18, 1931

WITNESS:

Robert Whiteside.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1931

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

THURSDAY, June 18, 1931.

The meeting came to order at 10 o'clock, a.m., Mr. Senn presiding.

Members present: Messrs. Barber, Blair, Bowman, Bowen, Boyes, Campbell, Cayley, Coote, Gobeil, Loucks, Lucas, Moore, Motherwell, Mullins, Myers, Perley, Pickel, Rowe, Seguin, Senn, Shaver, Simpson, Sproule, Stirling, Swanson, Thompson, Totzke, Tummon, Weir (*Melfort*), Weir (*Macdonald*).

The minutes of the meeting of June 17th, were read and adopted.

The Clerk read an explanation of certain errors made by the printer in the printed issue of June 16th, (see Minutes of Evidence, this date).

Hon. Mr. Stevens referred the committee to certain tables of prices of wheat on the British Market, 1917, 1918 and 1919, also a table extracted from Sessional Paper No. 10b, Exports from Canada, years ended March 31, 1917-1925.

Robert Whiteside was re-called, continued his statement, was examined and discharged.

A vote of thanks was accorded the witness.

Mr. Tummon moved, seconded by Mr. Perley, That the taking of evidence be now closed and that the chairman prepare a draft report for submission to the committee at a subsequent meeting.

The motion being put, Mr. Motherwell, seconded by Mr. Totzke, moved in amendment, That this committee continue this investigation until at least James Stewart and later, if necessary, Hon. George Foster, are heard as witnesses and until all returns ordered by Parliament, bearing on this reference, are tabled both in Parliament and before this committee.

The question being put on the amendment the same was declared lost.

The question being put on the main motion, was carried.

The meeting then adjourned till Friday, June 19th, at 11 o'clock.

A. A. FRASER,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

THURSDAY, June 18, 1931.

The Select Standing Committee on Agriculture and Colonization met at 10.00 o'clock a.m., Thursday, June 18th, 1931, Mr. Senn in the Chair, respecting Order of Reference of May 26, 1931:—

That matters referred to in Return Nos. 147-147A, be referred to the said Committee with instructions to examine such records as may by the Committee be deemed necessary, and to hear such witnesses as it may desire, and call for such papers in connection therewith, and to report to the House.

Minutes of Wednesday, June 17, 1931, read and adopted.

The CHAIRMAN: Mr. Fraser has a statement to make in regard to a mistake in the printing, and he will now read it.

The SECRETARY: Mr. Chairman, this is a memorandum which I prepared for yourself.

Members of the Committee will notice that the last printed minutes of proceedings and evidence distributed, reads on the cover page, "No. 3"—"Tuesday, June 16, 1931," and that the pagination of Evidence starts at page 55. There should be no number on this series it being intended to distinguish the "Whiteside Inquiry" series from the other Reference by confining the numbering of the several issued to the "Weir Reference,"—the Whiteside Reference bearing the date of its several meetings on the cover and each Reference having its own pagination.

The printer is entirely responsible for these regrettable errors as he acted directly contrary to the instructions of the Clerk.

The CHAIRMAN: The members of the committee now will understand how the difference in numbering occurred.

I understand Mr. Stevens has a further statement to make, and perhaps we had better have him make it before Mr. Whiteside is called again, if it is the pleasure of the committee.

Carried.

Hon. Mr. STEVENS: In reference to the question raised by Mr. Whiteside yesterday, he was quoting from the Trade of Canada, Exports of Vegetable Products, page 1147, under the heading "Wheat". This is sessional paper No. 10B, and the year, I think, would be the year 1922. He quoted two figures, first 123,384,759 bushels of wheat in the year ended March 31, 1918, which shows in dollars export value \$303,776,038; and Mr. Whiteside's query was that there seemed to be a spread there over and above the \$2.21 price less whatever the reduced grades, of which some of it would consist, would amount to, and this price worked out on the bushel basis makes \$2.46.

I have been trying to get from the Bureau of Statistics the exact orientation of these figures. They explained to me that it would take probably several clerks a week to in detail work it out; it is very complicated; but they have given to me how the figures are made up, and I think the committee itself would

be competent to judge of the proper weight to place upon the figures and thus make a fair comparison. This figure of three hundred and three odd millions, being the value of the exports, are the value of the exports of wheat at Vancouver, if any, that year, I think there was very little there; Montreal, St. John or Halifax, I think there was none from Halifax, and Quebec, if any; and so far as exports by American ports are concerned, the price would be at Fort William.

The figure includes the base price Fort William, that is for four months it was open market and the base price varied; and for the balance of the year it was a fixed price of \$2.21, to which must be added freight to the seaboard, elevator charges, insurance, terminal charges at the seaboard, storage; some of the wheat was carried for long periods, several months; and the four cents in that year charged to the Wheat Export Company by the Board of Grain Supervisors towards the expenses.

These are the charges that must be added to the base price. We are willing, if the committee ask it, to put a staff of clerks to work to try and run down these figures. I submit to the committee it would be a most intricate and very difficult task.

MR. WHITESIDE: I would not ask for it, Mr. Stevens. We can go on without that.

HON. MR. STEVENS: That is the explanation of how the figures are made up.

I have the Canada Year Book of 1918, which was drawn to my attention yesterday by Mr. Tummon, who had been looking the matter up, and it contains a very excellent statement of a monthly range of average prices in the British markets of Canadian wheat and oats, 1913 to 1919. It looks like a very excellent compilation and the figures are illuminating. This, of course, gives the prices in the British market, that is when the wheat arrived in Britain, which of course would include the ocean freight as well as the other charges to which I have referred; and I might give to you the years that we are interested in.

The year 1918, which would be the fiscal year, as this is compiled, I think, all on the fiscal year.

MR. TUMMON: No, that is monthly, I think.

HON. MR. STEVENS: Yes, thank you. It does not matter. The figures are as follows, and I will read them into the record, if I may. We will take the fiscal year to which these figures apply, commencing at the month of April, 1918, \$2.42; all in the same year, May, \$2.42; June, \$2.42 $\frac{3}{4}$; July, \$2.42 $\frac{3}{4}$; August, \$2.42 $\frac{3}{4}$; September, \$2.42 $\frac{3}{4}$; October, \$2.42 $\frac{3}{4}$; November, \$2.43 $\frac{7}{8}$; and December, \$2.48.

Now, I will go over to 1919, and the figures are, starting in January, \$2.48; February, \$2.48; March, \$2.49 $\frac{1}{2}$; April, \$2.51; May, \$2.51; June, \$2.51; July, \$2.51; August, \$2.45; September, \$2.29 $\frac{1}{2}$; October, \$2.29 $\frac{1}{2}$; November, \$2.29 $\frac{1}{2}$; and December, \$2.29 $\frac{1}{2}$. That is for 1919.

Now I will give the 1917 figures. I should have given them in the first instance.

MR. WHITESIDE: I do not think it is necessary to give them.

HON. MR. STEVENS: I am not using them for anything except to indicate the stability of the prices during these periods on the other side, just as they were on this side; and I think you will take the figures fixed over here against them; and it shows, when you take into consideration the carrying charges, a fairly uniform rate.

MR. PERLEY: Mr. Stevens, I think we should have the 1917 figures in.

HON. MR. STEVENS: Starting with the fiscal year 1917, there were four months open market, as will be recalled.

Hon. Mr. MOTHERWELL: Are you beginning with January?

Hon. Mr. STEVENS: No, with April, the fiscal year, 1917: April, \$2.60 $\frac{1}{2}$; May, \$2.62; June, \$2.59 $\frac{3}{4}$; July, \$2.62; August, \$2.62; September, \$2.35 $\frac{2}{5}$; October, \$2.35 $\frac{2}{5}$; November, \$2.35 $\frac{1}{2}$; and December, \$2.34 $\frac{3}{4}$.

It will be noted that after the stabilization of prices in Canada the prices over there are uniformly stable too. The months where they varied were the first four or five months of that fiscal year.

The CHAIRMAN: Gentlemen, when the meeting adjourned yesterday, Mr. Whiteside was to have access, of course, as the day before, to the files, and was, I think, to make a study of Mr. Tooley's evidence, and such other files as he wished to have. Have you had access to those and studied them, Mr. Whiteside?

Mr. WHITESIDE: Yes, I am prepared to report.

The CHAIRMAN: And have you satisfied yourself.

Mr. WHITESIDE: I have only a couple of questions to ask; otherwise I am satisfied and would make a statement.

The first statement I wish to make is as to Mr. Stevens, and that is that I am not going to ask that Mr. Foster be called to give an explanation. While I felt it placed me in a very awkward position, I am willing to concede that to Mr. Stevens. And Mr. Bowman asked a question regarding whether I was satisfied as to whether the government or members of the government did or did not receive any moneys from the sales of wheat in that year, and to Mr. Bowman I wish to say that the report does not show that the government received or that members of the government received any moneys. It shows clearly that the wheat was turned over by the Board of Grain Supervisors to the Wheat Export Company.

There are one or two questions I would ask. The statement shows a surplus of \$1,600,000 and some odd. I was wondering whether or not that was derived from overages. The report does not show that there were any overages stated; and in the period of two years there must have been considerable overages in the shipments; and that was not quite clear to me, and I am asking for an explanation on that.

Mr. BOWMAN: What statement do you now refer to?

Mr. WHITESIDE: The Tooley statement, which was referred to yesterday.

Hon. Mr. MOTHERWELL: What do you mean by overages? You do not mean the overage from the special levy?

Mr. WHITESIDE: No, I mean the overage between weighing the grain in and weighing it out.

Hon. Mr. MOTHERWELL: The possible deficit, of which Mr. Foster speaks as to it possibly having to be taken care of by the government. And you want to know about the overage?

Mr. WHITESIDE: In both 1917 and 1918 there would be an overage. You cannot weigh grain in and out without having a possible shortage or overage, and they endeavour to weigh it in safely so that there will be always a considerable overage.

Hon. Mr. STEVENS: Will you show me on this the items that you want?

Mr. TOTZKE: The amount that the Board of Grain Supervisors took was merely what they assessed. They had no overage at all. The Wheat Export Company must have had the overage.

Mr. WHITESIDE: That was the only thing that was not clear to me, as to the surplus balance, \$1,639,806.14. That is the only thing I wanted an explanation about.

Hon. Mr. MOTHERWELL: What have you got there?

Mr. WHITESIDE: The Tooley report.

Hon. Mr. STEVENS: I think I can explain this to Mr. Whiteside.

Hon. Mr. MOTHERWELL: Where does that appear, I wonder, in this?

Hon. Mr. STEVENS: It does not appear there. I was just about to explain. I have here a long series of monthly statements made from month to month by the Board of Grain Supervisors. If you take out one of these monthly statements, it is impossible to say just what the figure is; but that is all brought down—

Mr. TOTZKE: What does those monthly statements cover?

Hon. Mr. STEVENS: Just their own transactions purely. Each monthly statement is audited, but the whole thing is brought down to this final statement, audited by George A. Touche & Co.; and I submit to the committee and to Mr. Whiteside that the correct thing for the committee to take is the final statement certified by George A. Touche, so that the items to which he refers is only an interim item which later grew to a sum of approximately \$3,000,000, of which amount \$2,500,000 was refunded to the Wheat Export Company, as it had been taken from them in an assessment; and the balance, \$428,000 odd was turned into the consolidated fund of Canada.

If we were to go through the monthly statements, that is where we would finally arrive.

Mr. TOTZKE: Would you explain to Mr. Whiteside just where that comes from?

Hon. Mr. STEVENS: Very gladly.

What I hold in my hand is a report of the receipts and disbursements for the crop of 1918-1919, audited by George A. Touche & Co., with whom was Webb, Reid & Co., of Winnipeg. This is the final statement and the report of a reputable firm of auditors certifying to the correctness of the statement.

Mr. BOWMAN: I think Mr. Totzke had in mind how the money was collected.

Hon. Mr. STEVENS: This statement was prepared with the object of giving a presentment of the financial transactions of the Board for the two crop years, viewed as a whole, and is final.

In the final balance sheet it shows, without going into details, \$10,478,259.02 of receipts. It shows disbursements of \$7,541,056.25 for various charges, including rentals, expenses, and so on, but no salaries for the Board. Then there was refunded to the Trade and Commerce Department \$7,560 and some cents; and as stated a moment ago, a refund was given to the Wheat Export Company of \$2,500,000; and a remittance to the Receiver General of \$428,781; and there was in the bank at this time a small balance of \$860; making the total of \$10,478,259.

Mr. TOTZKE: I was going to ask if Mr. Stevens would explain to Mr. Whiteside where the Board got that money,—by assessment.

Hon. Mr. STEVENS: I will come to that.

They received that Ten Millions from assessments levied on the Wheat Export Company in the first year, of four cents a bushel on the wheat exported, and two cents a bushel on all the mills in Canada that bought wheat. They found that the four cents a bushel was in excess of their requirements and they cut it down the next year to, I think, two cents a bushel—

The CHAIRMAN: To three cents.

Hon. Mr. STEVENS: To three cents, was it? And out of this assessment this revenue was secured which left the surplus of which \$2,500,000 was refunded, and the \$428,000 which is still in existence, as Mr. Young said in the House. I

think if anybody has any claim on it it is the Wheat Export Company or the British Government; but it has been absorbed in the consolidated fund. Is that clear?

Mr. WHITESIDE: That is quite clear to me. As I have stated, the report did no show that in the outturn there were any overage or its value and I felt that there would be an overage in the weighing in and the weighing out of our wheat in the two years, on the 350,000,000 bushels; it could not be weighed in and weighed out exactly, and there would be either a loss in weight or a gain; and the grain elevator companies always see to it that they come out safe, and they always have considerable overages.

Hon. Mr. STEVENS: There were overages during all these years down to 1919 when the subject came up in the House in Ottawa, brought up by myself as a matter of fact; and from 1919 down the government has by statute limited the amount of overages to one-quarter of one per cent which elevators are allowed to retain. The balance goes into the government elevators.

During the years you mention there was an overage secured by the elevators, but that is not involved or included in our order of Reference or in this question. It is something, if anybody wishes to get my views on it, they can get them in two speeches I delivered in 1919 based upon the Price Waterhouse Report; but I think it would be a mistake to drag that into this, because it is not involved.

Hon. Mr. MOTHERWELL: In 1919 there was an overage of \$469,000 returned profits still retained.

Hon. Mr. STEVENS: Mr. Whiteside is referring to the elevator overage; but the amount Mr. Motherwell is speaking of is the return by the Grain Board.

Hon. Mr. MOTHERWELL: I thought Mr. Whiteside was coming at what were the overages in 1919.

Mr. WHITESIDE: As I understood, the overage in 1919 amounts to \$469,000 which was returned to the provinces. In this statement it does not show any overages.

Hon. Mr. STEVENS: Do you refer to the surplus in dollars?

Mr. WHITESIDE: I was wondering whether that surplus represented overages.

Hon. Mr. STEVENS: No, it is not overages. Mr. Whiteside is asking for the surplus.

Mr. BROWN: We have never been given the figures of overages for that wheat; we have never had a sum of money placed against that.

Hon. Mr. STEVENS: We have had the figures upon which such sum was based.

Mr. BROWN: But we have not had the totals.

Hon. Mr. MOTHERWELL: Mr. Brown is quite right. Here is Mr. Whiteside's first question that he asked Sir George Foster, in his first letter. I am sure Mr. Whiteside will agree that some of this letter was quite foolish. I think he admits that now. Something in his original letter was not warranted, I agree with that but something later was warranted: "What was the price our government sold the wheat crop of 1918 for, that is the wheat crop that was exported?"

He starts out in his letter by saying "As your humble servant I desire to seek information." And he is still seeking; and we want to impose upon him the duty of showing what these prices were. He is looking for that. He does not know that, and I do not know. And that question, as Mr. Brown points out, has first to be answered before we can answer what these overages are.

Mr. WHITESIDE: As far as that is concerned, I only asked that question, and I am satisfied that this committee will look into that and give a favourable report.

Mr. CAMPBELL: Are you referring to overages of grain or an overage of money?

Mr. WHITESIDE: An overage of grain.

Hon. Mr. MOTHERWELL: Which will be converted into money.

Mr. PERLEY: As far as we are concerned there would not be any overage of grain. There would be the dockage, which is a little less than one-half of one per cent. They would take that and the Board would not figure on that. That is going on to-day; and as far as the Board is concerned there would not be any overages of wheat; the elevator men took that by law. That is nothing for this committee.

Mr. WHITESIDE: Let that stand and let the committee decide on that. I have only asked the question and put it before the committee.

The CHAIRMAN: It seems to me that the question of overages with which the elevators had to deal is something with which the Board of Grain Supervisors had nothing to do.

Mr. WHITESIDE: The grain was turned over to the Board of Grain Supervisors.

Mr. BOWMAN: No, to the Wheat Export Company.

Mr. WHITESIDE: They must have turned over a good deal more than the exact amount.

Hon. Mr. STEVENS: The Board of Grain Supervisors never handled or got a cent of profit or loss out of that.

Mr. BROWN: We have no totals to place opposite that number of bushels of 350,000,000 bushels odd.

Hon. Mr. STEVENS: You did not hear my explanation of a few minutes ago.

Mr. BROWN: Yes, I understand that. The only place where we could possibly get those figures would be from some place in Great Britain; and if we did get them, I do not think they would be a great deal of good to us for the reason which Mr. Perley has stated, that those overages were taken account of by the elevator companies, and possibly almost certainly the total amount of grain which passed through the elevators at some time or other went into the hands of the export company; so that even if we had those figures we would not be able to form any sound conclusion as to the amount of those overages, or come to any conclusion in regard to the average prices that may have been received. I do not think, even if we had those figures, that we would be any further ahead than we are to-day.

Mr. WHITESIDE: That is quite clear to me.

Mr. TUMMON: This investigation has now gone on for three or four days. As I understand it, we started out to investigate the fact that there were large sums of money lying in the consolidated funds of the Dominion which properly belonged to the farmers of Western Canada, as a result of the wheat operations during 1919. I think that this investigation has gone as far as we can usefully go. Mr. Whiteside very kindly has come here and has explained his side of it; and now, after having examined all the documents and such like, he feels he is satisfied in regard to the whole thing. I would therefore move that this investigation end and that the Chairman be instructed to prepare a report and submit it to this committee for their approval at the next session.

Mr. WHITESIDE: May I speak—I was not quite through.

Mr. TUMMON: I thought Mr. Whiteside was done.

Mr. WHITESIDE: No, I am not.

Mr. TUMMON: Then I withdraw the motion.

The CHAIRMAN: Let Mr. Whiteside finish his statement.

Mr. TUMMON: I thought Mr. Whiteside was done. If there are any points on which Mr. Whiteside wants to be made clear, I think Mr. Stevens can satisfy him.

Mr. WHITESIDE: The statement which Mr. Stevens read here this morning was based on the export of 123,000,000 bushels. I referred also to the amount of wheat exported in 1922, where it showed only a spread of five cents a bushel on the basis of the same figures in the transportation and the carrying charges of this wheat; whereas the shipment to Britain showed a spread of twenty-three cents a bushel, and to Belgium forty-three or forty-five cents, and to France somewhere about thirty-five cents. I am just going to leave that to the Chairman. I am not suspicious.

Mr. BROWN: Are you basing it upon the pool payments for that year?

Mr. WHITESIDE: The pool payments have nothing to do with it. I have the statements of every market day in 1922.

Mr. CAMPBELL: From the time of the sales at \$1.50 and upwards, the average might show.

Mr. WHITESIDE: I took the average deliveries of wheat, and then I took the value of this wheat as was given by the Dominion Bureau of Statistics. You have to have a comparison, and I am satisfied that the Chairman will look into this thing.

The CHAIRMAN: Have you any further question, while you are on your feet?

Mr. WHITESIDE: The only other thing is that inasmuch as the government did make an agreement with Britain to take our wheat at that fixed price, and then it goes on and states that after November there were 26,000,000 bushels accumulated, and the British Exporting Company had ceased buying it, it looks to me as if they had agreed to take this wheat, and why would they stop buying?

Hon. Mr. STEVENS: It was in 1918 that they stopped buying and the war had stopped.

The CHAIRMAN: It was just after the close of the war, the Armistice.

Mr. WHITESIDE: Then that is quite clear. The only other point I have is this; inasmuch as they did agree to sell our wheat at the same price that the United States sold their wheat at, the price that the United States paid for wheat in 1918, the figures for 1918 and 1919 do not show it. In 1917, I am satisfied we did get the same price as the United States wheat sold for.

Mr. Stevens referred to the average in the United States, and it was away down low. Our price was based upon \$2.63 for Northern at Fort William. When the United States has to go into the world market in competition with our own wheat, it shows that they have a far greater percentage of low grade wheat than we have, and that is why the United States price is lower than ours. Mr. Stevens has submitted the cash price for wheat in Chicago and Minneapolis; and in 1918 the low price in Chicago was \$2.23½, and it went as high as \$3 a bushel in that crop year and in 1919, the lowest price was \$2.40 in Minneapolis and Chicago, and the price went to \$3.50. And I felt that it was the duty of the Government to see, when they entered into that agreement with Great Britain, that we got the same price for our wheat that the United States did.

I am asking the committee to waive this question, and your report, I think, will be satisfactory to me. I think now I have got the thing clear, and I thank the committee very much, because I think they have been fair with me, and I have tried to be fair with you.

The CHAIRMAN: Were you speaking of the period following the time that the United States entered the war?

Mr. WHITESIDE: That was for the years 1918 and 1919. The Wheat Board and the Board of Grain Supervisors took control of it not at the end of the crop year but at the first of September, and they ended on the 31st August, and these were the prices.

Hon. Mr. STEVENS: After the United States entered the war, they and Canada sold all their export wheat to the Export Company and they both paid the same price. In the domestic market, of course, the United States had a much larger population and they had a preponderance of soft wheat, and consequently they did pay a premium for hard wheat in Minneapolis and St. Paul.

Mr. WHITESIDE: I submit the price at Chicago was the cash price; and bear in mind, Mr. Stevens, that the price in Canada and the United States was controlled by the Liverpool price; and the export of wheat from the United States in those two years was much greater than it was from Canada.

Hon. Mr. STEVENS: For which they got the same as we did.

Mr. WHITESIDE: Even although the United States paid a price for wheat last year, Liverpool, I may tell you, was the place which controlled the world's market price. That is all I have to say.

Mr. PERLEY: Now that Mr. Whiteside has finished, I will second Mr. Tummon's motion.

Mr. CAMPBELL: Are we clear that Mr. Whiteside is satisfied?

Mr. WHITESIDE: Yes. I concede to Mr. Stevens that I would not ask Mr. Foster to give evidence, and that the government received no moneys from the sales of our wheat in the war years; and that is satisfactory to Mr. Bowman.

Mr. BROWN: That is, we are agreed now that there is no money of that \$70,000,000 which was reported as being in the Dominion Treasury belonging to the farmers, and that it was a myth?

Mr. WHITESIDE: No, if you find on what I have submitted there in regard to the shipment of wheat in 1918 and 1919, or the prices paid for wheat in the United States and Canada, that it is not correct, it is a myth; otherwise it should stand.

The CHAIRMAN: Is the committee ready at this time to discharge the witness?

Mr. SHAVER: May I ask Mr. Whiteside one question? When he goes back to the west and the newspaper reporters interview him about this, what is he going to tell them? Is he going to tell them that he came to Ottawa and made the statements, and that he is now perfectly satisfied that there was no foundation for his statements? Or is he going to rehash all his arguments over again?

Mr. WHITESIDE: I had made up my mind I was not going to give any report, for I think it is proper for this committee to give that report. They will undoubtedly ask me what my opinion of it is, and inasmuch as the committee is satisfied on those questions, you can rest assured that I am not going to give any rehash of those statements.

The CHAIRMAN: Now, gentlemen, if you are through with the witness, we will have him discharged, because he wants to get away, I understand.

Hon. MEMBERS: Carried.

The CHAIRMAN: Very well, then, the witness is discharged.

Mr. PERLEY: I think we should move a vote of thanks to Mr. Whiteside for the very fair way in which he has presented the case. Seconded by Mr. Tummon.

Carried.

The CHAIRMAN: Now we have before the committee a motion by Mr. Tummon, seconded by Mr. Perley, that the evidence be closed and that the Chairman draft a report for presentation to the committee at a subsequent meeting. What is your pleasure, gentlemen?

Hon. Mr. MOTHERWELL: Mr. Chairman, it does not make much difference to me personally what is done at this time, but I had occasion to point out, at the first meeting when I was here, that this committee was going to do exactly this thing, before it heard even one witness. You will recall that the resolutions at that time were withdrawn. The situation is almost the same now. The gentleman who has been making the complaint and asking for information is through. You have been expecting him to produce the evidence in answer to his own questions, and how can you expect him to give an answer in regard to the price got in 1918. He is not the one to answer that question. He would not be here if he could answer it.

There was one person, Mr. James Stewart, who was asked for and this committee asked that he should be here; and you have a reply from him that he had no information to give. The secretary has informed Mr. Stewart that his services as a witness will not be required for the present. This committee has power to summons Mr. Stewart, and I think as he is the only living member of the sub-committee of the Board of Grain Commissioners, we surely cannot adjourn and call this completed before we hear Mr. Stewart; and after we hear Mr. Stewart, if necessary, we might hear the Hon. Sir George Foster, the other party to this long correspondence with Mr. Whiteside.

I am not going to get excited if you do not do this. That will be up to the committee. If you report to the House that you would not hear the major witnesses, one of which was asked for some time ago by Dr. Swanston, from Maple Creek, who is on the record here as having asked for three witnesses, and he made the motion and it was accepted. The three were Mr. Beatty, from somewhere around Port Dalhousie, Mr. Stewart and Mr. Whiteside. Mr. Whiteside is the only one who has turned up; and whether he is satisfied or not, some of the rest of us are not satisfied that he should have been expected to answer his own questions in regard to the price of wheat in 1918. And Mr. James Stewart, the only remaining member of the sub-committee of the Board of Grain Commissioners, has been on every wheat board and such like body from its very inception, shortly after the war started up until the war was over.

I am going to move an amendment, that this committee continue this investigation until James Stewart and later; if necessary, the Hon. Sir George Foster are heard as witnesses, and that the necessary steps be taken by the Chairman to summon and secure Mr. Stewart's attendance here as a witness.

Mr. TOTZKE: Mr. Chairman, I do not wish to take up any more time but I want to second Mr. Motherwell's motion, and in connection with that I want to repeat the statement I made yesterday morning in committee, the minister was not here yesterday, and I would like to draw this to his attention particularly. I have at the present time on the order paper a series of questions in connection with the prices of wheat that were paid for Canadian grain in Britain by the British Purchasing Board, as I think it is called.

I realize it is perhaps difficult and will take time to get replies to those questions; but I think before we can come to a satisfactory conclusion in connection with this investigation we should have that information.

I called to the attention of the committee Mr. Beatty's wire, and I will repeat it for the benefit of the minister now, in which he says: "Your telegraphic invitation for appearance eleventh instant hereby acknowledged stop facts of actual detailed purchase price paid for cargoes Canadian wheat crops in question obtainable from British Board of Trade and verified by the Auditor General of Great Britain", and he says that should be conclusive evidence.

We have heard this morning a discussion again on overages, and in connection with that there should be taken into consideration the question of mixing. I stated yesterday morning, and I stated at the first meeting of the committee, that I was satisfied in my own mind that there was nothing which could be attached to the government or to any member of the government, and I was satisfied from the beginning that there is no money in the Dominion Treasury which belongs to the Saskatchewan farmers; and I still hold to that opinion; but I stated yesterday morning that there was a possibility that someone else had got some money that did belong to the Saskatchewan farmers, and I was told yesterday morning that was aside from the reference to this committee.

I want to say that the reference to this committee is in connection with these letters which passed between Mr. Whiteside and Sir George Foster. While somebody else may have got some money out of this, the government could not be blamed for that. The government, at that time looking after our crop organization, had the Board of Grain Supervisors, which were supposed to supervise the export trade of our grain to the allied countries, and therefore I say that indirectly the government is responsible for the actions of the Export Board in Canada; and, Mr. Chairman, until we get to the bottom of this matter and get these figures from the British Board of Trade, we should carry on. We have the figures for six years, which are of no benefit to us at all; we should have them for each year.

I would second Mr. Motherwell's motion, and would suggest also to the minister that if possible he get this information from the British Board of Trade, in order that we may get the matter entirely cleared up.

The CHAIRMAN: Gentlemen, you have heard the original motion. Mr. Motherwell, seconded by Mr. Totzke, moves an amendment that the committee proceed with the taking of evidence by summoning James Stewart, and subsequently if deemed necessary, Sir George Foster. What is your pleasure?

Mr. BOWMAN: In a way I am surprised, and in another way I am not surprised at the remarks made by Mr. Motherwell. In the first place he says he wants to know the prices for 1918. Now is there any man on this committee except Mr. Motherwell that does not know the price that was realized for 1918? That was a fixed price. With respect to Mr. James Stewart, he has already wired stating that he can give no further information than that which has been given by Mr. Tooley. Why go to the expense of bringing Mr. Stewart here when we have all the evidence before us accounting for every dollar during the time that the Board of Grain Supervisors and the Wheat Board handled this crop? Mr. Totzke refers to overages and mixing. This committee is indebted to Mr. Brown for the very clear statement which he made in that regard. Can you imagine this committee going back to the years 1916, 1917, 1918 and 1919 and trying to make some grain company—perhaps now insolvent or gone out of business—dig up its records. The idea is childish. Whatever overages there were belonged to the elevator companies, and they are still entitled by law to take a certain amount of overage. I say that the suggestions that have been made by Mr. Motherwell and Mr. Totzke certainly do not add anything to what this committee can possibly do by prolonging this inquiry any further.

Hon. Mr. MOTHERWELL: I was unfortunate in having my pen run dry while I was writing my amendment. I did not finish it. I do not know whether you will let me continue it: "later, if necessary, Sir George Foster, and until the returns ordered by parliament bearing on this reference are tabled both in parliament and before this committee."

Hon. Mr. STEVENS: As far as the returns are concerned, they will be tabled just as quickly as they can be brought out. There is one return

asked for by Mr. Motherwell. I do not know of any correspondence between Mr. Whiteside and the Prime Minister, such as he mentions. I doubt if there is any.

Mr. WHITESIDE: It is immaterial anyway.

Hon. Mr. MOTHERWELL: It is not immaterial if it is the same matter I saw in the newspapers; I saw it in the Journal; and besides, whether it is immaterial or material we want it here. There is only one exchange as far as I know, and it would take only half an hour to copy it. If you will permit me, I would like to finish my resolution. "And untill all returns ordered by parliament bearing on this reference are tabled."

Mr. TOTZKE: I will add only one more word and I have said everything. I would have nothing further to say—whether Mr. Motherwell's remarks are childish or not—but the fact that Mr. Bowman has taken the attitude he has has not added anything to this investigation. There has been an apparent unseemly haste in concluding this investigation; for what reason I do not know.

The CHAIRMAN: May I read Mr. Motherwell's amendment to the committee as it is completed:—

Moved in amendment by Mr. Motherwell, seconded by Mr. Totzke, that this committee continue this investigation until James Stewart and later, if necessary, the Hon. George Foster, are here as witnesses, and until all returns ordered by Parliament bearing on this reference are tabled both in Parliament and before this Committee.

Mr. BROWN: I am going to say my last word on this subject too. I regret that I have to disagree with my friends Mr. Motherwell and Mr. Totzke, but I find I have to follow what seems to me to be sound judgment. We remember how this matter started. It started because the farmers were given the impression that 70 million dollars or thereabouts belonging to the farmers was in the dominion treasury. Now, it was to prove that that Mr. Whiteside was brought here. I think we have all agreed, and have come to the conclusion indeed, that that statement could not be proven. Now, then, supposing we do agree on a further investigation, what can we prove? We cannot prove that the money is in the treasury or belongs to the farmers. We might prove that the elevator companies made exorbitant profits in the handling of that crop, and I am prepared to believe that they did. I am quite prepared to believe from a comparison of the figures of the fiscal years 1917, 1918, 1919 and 1920, whether during the operations of the Wheat Board or those of the Board of Grain Supervisors—I am quite prepared to believe that the elevator companies did make large sums of money both in the way of overages and in the way of mixing. Now, we might prove that, but what good would it do us if we did? We could not go into all the records, and we could not find out what profits each particular company made. We might have the satisfaction of proving that the grain handlers did make exorbitant profits; but is it worth our while at this late date to try to prove it?

The question on the amendment was then put and was declared lost.

The question on the main motion was then put and was declared carried.

The CHAIRMAN: Now, gentlemen, this seems to close the matter until after the report is drafted. If there is no objection, we will meet to-morrow morning at eleven o'clock.

The committee adjourned to meet Friday, the 19th June, at 11 o'clock.

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Government
Publications

SESSION 1931

HOUSE OF COMMONS

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

1931

MINUTES OF PROCEEDINGS AND EVIDENCE

TUESDAY, JUNE 23, 1931

ORDER OF REFERENCE—Re WHITESIDE INQUIRY

REPORT

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1931





MINUTES OF PROCEDURE

HOUSE OF COMMONS, Tuesday, June 23, 1931.

The meeting came to order at 11 o'clock a.m., Mr. Senn presiding.

Members present: Messrs. Barber, Blair, Bowen, Boyes, Bowman, Burns, Campbell, Carmichael, Coote, Cayley, Donnelly, Garland, Gobeil, Loucks, Lucas, McGillis, McMillan, Motherwell, Mullins, Perley, Pickel, Porteous, Senn, Shaver, Simpson, Stewart (Edmonton West), Swanson, Taylor, Totzke, Tummon, Vallance, Weese.

The minutes of the preceding meeting were read and adopted.

The chairman presented a draft report with respect to the Order of Reference, dated May 26, 1931:

"That matters referred to in Return Nos. 147-147A, be referred to the said Committee with instructions to examine such records as may by the Committee be deemed necessary, and to hear such witnesses as it may desire, and call for such papers in connection therewith, and to report to the House."

The draft report was then distributed and read by the clerk.

Mr. Bowman moved that the said report be adopted.

Motion carried.

The chairman was thereupon instructed to present the report to the House.

The committee then took under consideration Bill No. 16, an Act to amend the Dairy Industry Act (Increase of penalties) which was ordered reported, without amendment.

The meeting then adjourned till Thursday, June 25, at 11 a.m.

A. A. FRASER,
Clerk of the Committee.

SELECT STANDING COMMITTEE ON AGRICULTURE AND COLONIZATION

HOUSE OF COMMONS,

TUESDAY, June 23, 1931.

The Select Standing Committee on Agriculture and Colonization begs leave to present its Second Report, as follows:—

Your committee has had under consideration a certain Order of Reference, dated May 28, 1931, namely:—

That matters referred to in Return Nos. 147-147A, be referred to the said Committee with instructions to examine such records as may by the Committee be deemed necessary, and to hear such witnesses as it may desire, and to call for such papers in connection therewith, and to report to the House.

The Committee heard the Honourable H. H. Stevens, Minister of Trade and Commerce, and Mr. H. Tooley, who was brought from Winnipeg by the Department of Trade and Commerce, for the purpose of appearing before the Committee. Mr. Tooley was Secretary of the Board of Grain Supervisors for the latter part of their period of office, and Secretary of the Wheat Board.

The members of the Wheat Board were as follows:—

James Stewart, Winnipeg, Chairman.
H. W. Wood, Carstairs, Alberta.
Frederick W. Riddell, Regina, Sask.
W. A. Black, Montreal.
Norman McL. Patterson, Fort William.
Wm. L. Best, Ottawa.
C. B. Watts, Toronto.
Frank O. Fowler, Winnipeg.
William H. McWilliams, Winnipeg, Man.
Joseph Quintal, Montreal.
Lt.-Col. John Z. Fraser, Burford, Ont.
Wm. A. Matheson, Winnipeg.

During the discussion it was mutually agreed that the operations of the Wheat Board were not called into question and the Committee turned its attention to a consideration of the activities of the Board of Grain Supervisors.

A report of the Board of Grain Supervisors was filed with the Committee, signed by Dr. Magill, its President. This report gave to the Committee information which greatly assisted in the understanding of the questions which have arisen.

Also there was filed a copy of the audited statement by George A. Touche and Company, being a report and statement of receipts and disbursements for the crop years 1917-1918 and 1918-1919 of the Board of Grain Supervisors.

There was also read into the records a certified copy of a Minute of a Meeting of the Committee of the Privy Council approved by His Excellency the Governor General, on March 15, 1927, being the Order in Council (No. 471), which authorized the final winding-up of the affairs of the Wheat Board and the payment of Participation Certificates.

There was also read into the records a lengthy letter from the Deputy Minister of the Department of Trade and Commerce, dated September 4, 1929, File

No. 4181, on the subject: "Wheat Participation Certificate," which set forth fully the history of these transactions and declaring that the Order in Council passed on March 15, 1927, "limited the time within which the Certificates would be honoured until September 1, 1927."

From these documents and other statements made to the Committee by the Minister of Trade and Commerce, and by Mr. Tooley, the following facts may be adduced:—

1. The Board of Grain Supervisors did not buy and sell wheat, their activities being limited to the fixing of the price of wheat to the farmer, which was at the following prices:—

Balance 1916 crop (July 20th, 1917), \$2.40 per bushel.

Crop 1917-18, No. 1 Manitoba Northern in store public terminal elevators Fort William or Port Arthur, \$2.21 per bushel.

Lower grades on a relative spread basis.

Crop year 1918-19, price was fixed at \$2.24½ per bushel.

2. That the Allied Countries were represented as purchasers by the Wheat Export Company, with head offices in New York and a branch office in Winnipeg.

3. That the total revenue of the Board of Grain Supervisors amounted to \$10,478,259.02 and was obtained from a levy on the Wheat Export Company of 4 cents per bushel on all wheat exported during the year 1917-1918, and 2 to 2½ cents per bushel from all local wheat used in Canada, which levy during the year 1918-1919 was reduced to 3 cents per bushel on wheat exported, and raised to 3 cents per bushel on local wheat handled. This levy was over and above the price fixed which was the net price paid to the farmer.

4. At the winding up of the operations of the Board of Grain Supervisors, the sum of \$2,500,000 was returned to the Wheat Export Company, being an amount in excess of all requirements for the operations of the Board.

5. There was also paid into the Consolidated Fund of Canada a sum of \$428,781.94, on the following dates:—

November 19, 1919.....	\$300,000 00
January 31, 1920.....	50,000 00
July 13, 1920.....	25,000 00
October 20, 1920.....	25,000 00
December 9, 1920.....	28,781 94

6. During the period of the Board of Grain Supervisors, the farmer received the full fixed price for grain in Canada and there is no evidence whatever that any one, private or public, made any profit out of the handling of the grain other than the regular normal fees for operation of the elevators, etc.

On July 31, 1919, the Wheat Board was appointed by Order in Council (P.C. 1589), with power to purchase and sell grain and controlled prices in operation of the grain trade generally. Copy of Order in Council is attached.

The Wheat Board operations appear to have been satisfactory and might be briefly outlined as follows:—

1. The Board was in operation for one year and bought grain at a fixed price, which price was fixed on August 22, 1919, as follows:—

Manitoba, Alberta and Saskatchewan.—

No. 1 Hard.....	\$ 2 15
No. 1 Manitoba Northern.....	2 15
No. 2 Manitoba Northern.....	2 12
No. 3 Manitoba Northern.....	2 12
No. 1 Alberta Red Winter.....	2 15
No. 2 Alberta Red Winter.....	2 12
No. 3 Alberta Red Winter.....	2 08

Above cash payments are basis in store Public Terminal Elevators at Fort William and Port Arthur.

British Columbia.—

No. 1 Wheat.. . . .	\$ 2 10½
No. 2 Wheat.. . . .	2 07½
No. 3 Wheat.. . . .	2 03½

basis in store Canadian Government Elevator, Vancouver.

Ontario and Quebec.—

Wheat No. 1 grade.. . . .	\$ 2 18
No. 2 grade.. . . .	2 15
No. 3 grade.. . . .	2 11

basis in store Montreal.

2. In addition to the fixed price Participation Certificates, Certificates were issued, which resulted in two subsequent dividends being paid of 30 cents and 18 cents. These Participation Certificates were paid as presented, and a time limit, namely, December 31, 1920, subsequently extended till September 1, 1927, was fixed for final payment, but many farmers failed to present their Certificates in time.

3. In order to do full justice to those holding Certificates the time was extended from time to time up to September 1, 1927, when the payments ended, based upon Order in Council, (P.C. 471) dated March 15, 1927, copy of which is attached hereto.

4. The transactions of the Wheat Board left a certain surplus in the hands of the Board, and the sum of \$560,000 was paid into the Consolidated Fund, and was later disbursed by distribution to the Provinces, as follows:—

Saskatchewan.. . . .	\$ 284,200
Manitoba.. . . .	128,800
Alberta.. . . .	112,000
Ontario.. . . .	26,600
Quebec.. . . .	6,440
British Columbia.. . . .	1,960
Total.. . . .	\$ 560,000

5. Another sum approximating \$175,000 was paid into the Consolidated Fund and has never been disbursed, except for a small payment of a trifle more than \$1,000, which leaves a balance now in the Consolidated Fund from this source of \$173,000.

It is understood that a certain small number of Participation Certificates are still outstanding but as many were understood to have been lost and to have been duplicated, and as it is almost impossible to verify such Certificates, it is thought inadvisable to re-open the payment of the same, as will be shown by a perusal of the letter of the Department of Trade and Commerce, dated May 4, 1929, File No. 24181, copy of which is attached hereto.

Another point brought up for consideration was: What action was taken, if any, by the Government in connection with wheat of the crop year 1916-1917?

The report of Dr. Magill deals with this subject under the heading "The Balance of the Crop of 1916," on page three of his report, from which the following facts may be adduced:—

1. Great Britain needed the whole of the balance of the crop of 1916.

2. The Wheat Export Company took the balance remaining at a fixed maximum price of \$2.40 per bushel for No. One Northern at Fort William, with commercial spreads for lower grades.

3. The information before the Committee showed that the Allied governments bought wheat freely in the winter of 1916-1917 for delivery in May and July, the major portion of such purchases being from country elevators. These purchases called for Grades One, Two and Three, Northern. It later turned out that there was a scarcity of these grades, with a very large quantity of tough and lower grade wheat, which the Allied governments' representatives hesitated to accept.

4. In the month of May, 1917, prices soared on grades No. 1, 2 and 3, threatening a corner, and the Winnipeg Grain Exchange investigated conditions and closed the market for futures. The Dominion Government arranged with the British authorities for the acceptance of the lower grade of wheat along commercial lines and at fair discounts, and the whole situation was cleared up.

Further meetings of your Committee were held on June 16th, 17th and 18th, for the purpose of hearing Mr. Whiteside and receiving any further evidence.

At these meetings the Minister of Trade and Commerce stated he was able to offer further evidence respecting the handling—following the Armistice—of a portion of the 1918-19 crop about which there had been some doubt, and filed a letter dated September 11th, 1919, from Mr. Tooley, Secretary of Board of Grain Supervisors to the Department, from which the following paragraph was quoted in explanation:—

During the marketing of the 1918-19 crop a period occurred when there were no buyers for wheat, which was being daily out-turned at the head of the lakes owing to the cessation of buying on the part of the Wheat Export Company and the mills who were unable to secure export orders and were consequently out of the market, it became incumbent upon the Board to arrange with the shippers and exporters of the grain trade to provide a market for the wheat arriving at the head of the lakes. As a result of this, approximately twenty-six million bushels of wheat were purchased during the closed season of navigation by the trade of which twenty million bushels were sold at the opening of navigation to the Wheat Export Company, who took delivery of same at Seaboard, at the fixed price plus three cents per bushel, plus all carrying charges and commission accrued on the wheat from the time of its purchase by the trade for account of the board. On the balance of the wheat, approximately six million bushels, two million bushels were sold to the United States and four million bushels to the eastern Canadian mills, where the item referred to was incurred, the wheat sold to the mills being at the fixed price plus three cents per bushel, the Board of Grain Supervisors paying the cost of carrying the wheat from the time of its purchase by the shippers and exporters for account of the Board. These charges, as stated, consisted of storage, interest and commission charges.

The Minister of Trade and Commerce also filed a series of resolutions from the Council of Agriculture and other branches of the grain growers' organizations in Western Canada, passed at meetings held during the month of March, 1917, asking that a maximum price of \$1.90 and a minimum price of \$1.50 per bushel be fixed, or a flat price of \$1.70 per bushel.

Mr. Whiteside was then called and gave evidence during the meetings of June 16, 17 and 18, and an exhaustive discussion occurred in regard to the statements made in his letters to Sir George Foster, as contained in returns

Nos. 147 and 147A, cited in the order of reference, which statements indicated that the witness was of opinion that those responsible for controlling the crop during the crop years 1917, 1918 and 1919, had appropriated large sums of money in the form of profit which properly belonged to the producers.

The Witness, Mr. Whiteside, admitted to the Committee that after having had an opportunity of studying the documents filed and receiving explanations before the Committee he was satisfied that nothing improper had occurred and that he was convinced that neither the Government, any of its members, nor the Board of Grain Supervisors in charge of handling the crop, had in any way profited by these transactions.

Your Committee therefore begs to report its findings as follows:—

1. That the Board of Grain Supervisors and the Wheat Board discharged their respective duties in a highly commendable manner, and no criticism of their action is warranted.

2. That no evidence was adduced to substantiate the complaints and charges contained in the letters of Mr. Robert Whiteside (Returns Nos. 147 and 147A) referred to in the Order of Reference, or made to the Committee by him in person, appearing as a witness, and that the said complaints or charges were fully and completely disproved by the evidence adduced.

P.C. 471.

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 15th March, 1927.

The Committee of the Privy Council have had before them a report, dated 9th March, 1927, from the Minister of Trade and Commerce, stating that it now appears expedient to finally wind up the Canadian Wheat Board which was brought into existence by an Order in Council of the 31st July, 1919 (P.C. 1589).

The Minister observes that the Board was given power to take delivery of wheat, make advances to the producers, to store, transport and sell such wheat, fix prices thereon, etc., etc., in brief, to control the wheat and flour trade. Participation Certificates were issued to the producers of wheat, and the holders of these Certificates were to receive at the end of the season a pro rata share (based upon the number of bushels stated in the Certificate) of all moneys remaining in the hands of the Board received in payment of wheat delivered to and sold by the Board after deducting expenses.

The Canadian Wheat Board continued in operation until early in 1921, when it rendered its final report and deposited to the credit of the Government the sum of \$560,000 in favour of the Receiver General, which sum was subsequently distributed to the provinces as recommended by the Wheat Board under Order in Council of the 7th of February, 1925 (P.C. 193). In addition to the said amount, a further sum of \$175,000 was deposited to the credit of the Receiver General to be held in a Suspense Account to offset the outstanding Participation Certificates.

Since the dissolution of the Wheat Board, the Secretary of the said Board and the Deputy Minister of Trade and Commerce have been issuing cheques against outstanding Participation Certificates as presented, but it would now appear that the time has come when steps should be taken to finally close the operations of the Wheat Board and make no further payments for outstanding Participation Certificates, it being now more than seven years since the first of such Certificates were issued and more than five since the last Participation Certificates were issued and which should have long since been presented.

On the 31st of August, 1926, when the last audit was made, there were outstanding Participation Certificates unpaid amounting to \$196,685.72.

At the present time the expense necessary to continue the occasional payment of Participation Certificates amounts to considerably more than is represented by the value of the Certificates presented for payment. For the year ending March 31st, 1926, the expenses for secretarial and clerical salaries, office rent and storage of records, amounted to \$5,305, during which time the value of Participation Certificates paid amounted to only \$1,365.

As the lease for the storage office in Winnipeg expires on the 31st of August, 1927, it would appear desirable to finally close the operations of the Canadian Wheat Board from September 1st, 1927. In the opinion of the Department of Justice this can be done by Order in Council without legislation, and a period fixed thereby within which Participation Certificates must be presented for payment.

The Minister recommends, therefore, that no Participation Certificates presented on and after September 1st, 1927, shall be paid, and that all moneys in the possession of the Wheat Board on the said date shall be declared the property of the Crown.

The Committee concur in the foregoing recommendation and submit the same for approval.

(Sgd.) E. J. LEMAIRE,
Clerk of the Privy Council.

(Copy)

P.C. 1589

PRIVY COUNCIL—CANADA

AT THE GOVERNMENT HOUSE AT OTTAWA

THURSDAY, the 31st day of July, 1919.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL.

The Minister of Trade and Commerce reports as follows with reference to the present extraordinary conditions affecting the moving and disposal of the Canadian wheat crop.

For some time, owing to the war, overseas purchases have been conducted largely, and for two seasons wholly, through Government organizations, and by reason of such conditions, the crop of Canada for the past two seasons, has been placed under the control of the Board of Grain Supervisors for Canada, which body has been invested with and exercised powers conferred upon it by the Order in Council of 11th June, 1917, and by subsequent orders. The said Board of Grain Supervisors are still exercising and purpose to continue exercising their powers with relation to the crop of 1918, to the extent delivered up to and inclusive of the 15th day of August, 1919, and provision is adequate for the final disposition of same.

As regards the crop of 1919, and any other wheat undelivered on the 15th day of August, 1919, it does not appear that there will exist in importing countries likely to require or purchase same, any organized buying at fixed prices such as prevailed in recent years, nor any open and stable market of the character that obtained prior to the war.

The United States Government has through a constituted agency undertaken many months ago and during the continuance of active hostilities in the present war, the purchase at a fixed price, of the crop of that country for the year 1919, and the marketing of same at home and abroad.

Under these abnormal conditions, resulting in uncertainty of price and instability of market, it would appear that in order to secure that early movement of the Canadian crop which is so essential, and that fair distribution among our wheat producers of the actual value of their product, as determined by the world demand for same throughout the entire season of marketing, which is equally desirable, action should be taken by the Government, looking to the purchase, sortage, movement, financing and marketing of the wheat grown in Canada in 1919, and other wheat undelivered in Canada on the 15th of August, 1919.

Therefore His Excellency the Governor General in Council, under and in virtue of the provisions of the War Measures Act, is pleased to make the following Orders and the same are hereby made and enacted accordingly:—

1. The Governor in Council may appoint a Board to be designated "The Canadian Wheat Board," hereinafter called "The Board." Such Board shall consist of not more than ten members, one of whom shall be named as Chairman, who shall be chief executive officer, and another, assistant Chairman, who shall have the powers and duties of the Chairman in the absence of the Chairman.

2. The Chairman, and Assistant Chairman, shall be paid such salaries as the Governor in Council may direct, and the other members of the Board shall be paid travelling and living expenses and such per diem allowance while actually engaged in the duties of the Board as the Governor in Council may direct, but otherwise shall receive no remuneration.

3. The Board shall make such inquiries and investigations as it deems necessary to ascertain what supplies of wheat are, or may be available from time to time, the location and ownership of same, the transportation and elevator facilities available in connection therewith, as well as all conditions connected with the marketing and market price that can be obtained for same. For the purpose of any inquiry or investigation held by the Board, the Board and the several members thereof shall have all the powers of a Commissioner acting under Part 1 of the Enquiries Act.

4. The Board shall have power from time to time,

(a) To take delivery of wheat in Canada at any point.

(b) To pay, by way of advance, to the producers or other persons delivering wheat to the Board, such price per bushel according to grade or quality and place of delivery for price purposes as shall be set out in schedule to be prepared by the Board and approved by the Governor in Council, and to provide for the issue of participation certificates to persons entitled thereto.

(c) To sell wheat so delivered to millers in Canada for milling purposes at such prices and subject to such conditions as the Board sees fit, the price of sale to millers being governed as nearly as may be by the price obtainable at the same time in the world's markets for wheat of equal value, regard being had to the cost of transport, handling and storage.

(d) To store and transport such wheat with a view to marketing of same.

(e) To sell wheat so delivered in excess of domestic requirements to purchasers Overseas or in other countries, for such prices as may be obtainable.

(f) In co-operation with the Seed Purchasing Commission of the Department of Agriculture, and by sale to such Commission or otherwise, to provide for the retention or distribution in various parts of Canada of such wheat as may be necessary for seed in 1920.

- (g) To fix maximum prices or margins of profit at which flour and other products made from wheat delivery to millers, may be sold, and to fix standards of quality of such flour.
- (h) To purchase flour from millers at prices to be fixed by the Board and to sell same in Canada or in other countries.
- (i) To take possession of and to sell and deliver to millers, or to purchasers in other countries, wheat stored in any elevator, warehouse, or on railway cars or Canadian boats and to deal with the same as to payment of advance and otherwise in the same way as if it had been otherwise delivered to the Board, and to move grain into and out of or through any elevator and to or from any car or boat.
- (j) To control, by licence or otherwise, the export and sales of flour out of Canada.
- (k) For the purpose of performing its duties under this Order, to allocate Canadian lake tonnage and to distribute cars for rail shipments.
- (l) To pay necessary expenses incident to the operations of the Board.

5. Deliveries of wheat may be taken from, through or by the use of such agents or grain companies or organizations as the Board may see fit, and may be at such points in Canada, at the seaboard or otherwise, as the Board may direct, and the Board may pay to such agents or grain companies or organizations handling wheat, or delivering wheat to the Board, such commissions, storage and other charges as the Board with the approval of the Governor in Council may deem proper.

6. The Board may make payment by authorization to a chartered bank or to chartered banks to pay under such conditions and on production of such vouchers as the Board may by regulation provide, and the Governor in Council guarantees repayment of any moneys so paid by a bank or banks, with little interest at a rate not exceeding six per cent, of which guarantee the evidence shall be this Order.

7. As soon as the Board have received payment in full for all wheat delivered to the Board, there shall be deducted from same all moneys disbursed by or on behalf of the Board for expenses or otherwise connected with or incident to the operations of the Board, and the balance shall be disbursed pro rata among all producers and others holding participation certificates.

8. Notwithstanding anything in the Grain Act or in the Railway Act, the Board of Railway Commissioners for Canada shall have power to order any railway company to provide cars and other transportation facilities for handling grain, and to transport as directed wheat delivered to or by the Board, or in which the Board is interested, and at the request of the Board to withhold transport of any other wheat or grain for a fixed time.

9. Every person shall truthfully and promptly answer any enquiry made by the Board or by any person duly authorized on its behalf about any matter within its powers or duties, whether such enquiry is made verbally, in writing, by telegraph or any other way.

10. In this order,

- (a) Elevator means and includes any terminal, country, private, public and hospital elevator, and any elevator licensed by the Board of Grain Commissioners for Canada.
- (b) Wheat in clauses four, five, seven and eleven means wheat harvested in 1919 or other wheat delivered to the Board after 15th August, 1919.

11. The Board with the approval of the Governor in Council may make such regulations as it deems necessary for the purpose of fully and effectually carrying out the objects and provisions of this Order, and in particular, but without limiting in any way the generality of the foregoing, may make regulations—

- (a) For appointing representatives in different parts in Canada or Overseas, for assisting the work of the Board, and for reporting to the Board any violations of any order issued by the Board, or any regulations made hereunder.
- (b) To authorize the engaging of clerks, employees and assistants and paying their salaries.
- (c) Providing for the forms and contents of participation certificates, vouchers or documents of title to be held by producers and others delivering wheat to the Board, for the conditions of negotiability of same, for the substitution of same for other vouchers, and generally establishing such system as may in the judgment of the Board be necessary for the security and equitable treatment of all persons concerned in the delivery and sale of wheat and in the carrying out of this Order.
- (d) Fixing dates up to which and not beyond, the Board is prepared to take deliveries at different places in Canada.
- (e) Determining what constitutes delivery to the Board.

12. The Board may from time to time appoint an Executive Committee of not less than three of its members, of whom the Chairman shall be one, and may assign to such Executive Committee any duties or powers within the competence of the Board.

13. There shall not be provided on any grain exchange or elsewhere, facilities for trading in wheat futures during the time this Order is in force, except by permission in writing of the Board.

14. Notwithstanding any Order in Council heretofore passed, the Board of Grain Supervisors of Canada shall hereafter exercise no powers inconsistent with the powers vested in the Canadian Wheat Board by this Order.

(Signed) RODOLPHE BOUDREAU,
Clerk of the Privy Council.





BINDING SECT. OCT 14 1980

